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LAOS

Fifth LPRP Congress

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Kaysone Reads Political Report at Fifth Congress

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["Political report" of the Lao People's Revolutionary Party Central Committee, LPRP CC, read by Kaysone Phomvihan, general secretary of the party Central Committee, at the Fifth Party Congress in Vientiane on 27 March]

[Text] Respected members of the Presidium and foreign and local guests; Beloved delegates to the congress:

On behalf of the party Central Committee, I would like to present the political report to our congress.

Part One of the political report will touch on the situation of the implementation of the resolutions adopted at the fourth party congress.

The fourth party congress outlined guidelines for national defense and national construction as well as the goals of our revolution in the new period, which became the basis for all-round restructuring in our country. Consistently implementing the said guidelines, the party CC and the Political Bureau have attentively persisted in taking the initiative with a sense of creativeness and have developed the line of thinking and views expressed at the [fourth] congress into a new dimension. A significant development is that they have been transformed into new, multifaceted line and policies which conform to the realities in the country and the aspirations of our people. Despite the fact that the world and regional situations have changed in a very complicated manner, that various opposing forces have subtly and violently carried out sabotage and subversive activities in all fields against our country, and that though there are many difficulties in the economic and social situation, we have safely defended national independence, sovereignty, and the new system, thereby firmly and fundamentally ensuring the political stability, peace, and order in our society and continuing to take our country along the predesignated direction. Our country has become unified as one and the people's sense of mastership has been further heightened. The multiethnic people have enjoyed equal rights; lived with one another with cohesion, unity, and mutual affection and friendship; and joined hands with one another in defending and building the country with a sense of enthusiasm. Democracy in all aspects of our social life has been further developed and enhanced. The people's democratic regime has been gradually and clearly consolidated and upgraded.

The Economic Sectors

In the past five years of all-round restructuring, we began this work by affecting new changes in the economic field and by improving the moral and material life of the people. We have implemented the policy of restructuring, applied the new economic structure and the new economic management mechanisms, and implemented plans and policies to promote and develop the economy with multifaceted components with each of them enjoying equality under the law. We have consolidated and modified the state's economic sectors, strongly promoted the family economy among farmers as well as the private economy, extensively utilized the goods-money relations and the market relations with state sanctions, broadened the free and legitimate circulation of goods so as to expand markets, and eliminated the bureaucratic and centralized management mechanisms. This new economic policy has injected a new life and a sense of flexibility into our business production. Economic organizations under various forms of ownership and with different sizes and levels have emerged and rapidly proliferated throughout the country. These enterprises have either allied or competed with one another in carrying out business production, thereby developing the national economy with a considerably rapid pace, resulting in an average economic growth of 5.5 percent per year.

Even though in 1987 and 1988, our country was severely ravaged by drought, in 1990 the Gross National Product increased by nearly 30 percent while the increase of the population was only 15 percent compared to 1985. That progress set up a chain of significant changes to our economy. Inflation rose to an insignificant level and prices of goods merely increased slightly. As a consequence, the living conditions and well-being of the people of all strata remained considerably normal and orderly. All sectors have been improved.

An outstanding achievement in the agricultural field which is regarded by our party as the foremost battlefront is our capability to meet the basic needs for food grains in our country and to set aside a certain amount of such items for storage for future consumption. The most important factor for attaining this success is our effort to change the form of cooperative organization by regarding the farming family as the primary production unit and by giving land to farmers for long-term use and for inheritance. In many localities, cooperatives have provided various kinds of services to the farming families in accordance with the new mechanisms, such as by giving them advice on production techniques and supplying them with fertilizer, insecticides, and seeds, as well as by purchasing their products.

In addition, we have also implemented a policy to encourage all economic sectors to turn to the countryside and mountainous regions so as to provide them with similar services. This new policy in the agricultural field has served to heighten a sense of mastership over their land by farmers, thereby encouraging them to more diligently engage in their livelihood, such as by carrying out intensive agriculture, increasing the efficiency of their production, increasing the frequency of farming seasons, and utilizing machines, new crop seeds, and fertilizer.

In many localities, people have contributed capital and labor, with the collaboration of the state, to build irrigation projects, especially small irrigation facilities, to

increase the acreage of irrigated farmland. As a result, in the past few years, our agricultural production has considerably increased.

The planting of other starch crops, such as coffee, cardamom, sesame, pea, and other plants which are the strength of our agriculture and constitute an important factor in our export businesses, has also increased. Animal husbandry, for example the raising of large animals and fowl, has also increasingly developed.

In the forestry section, slash-and-burn crop cultivation is gradually decreasing. In the meantime, professions on fixed locations have also been organized for more and more upland people. We have set up a number of legal principles to regulate forestry exploitation. In certain areas, forestry exploitation, reforestation, and forest conservation have been closely coordinated. In some localities, forests have been experimentally assigned to be under the protection of and and for use by villagers.

Our industry and handicraft sector continues to develop. A number of new industrial foundations have been established, such as the agricultural and forestry products processing industry, farm tools factories, construction material enterprises, hydropower stations, and other enterprises. A number of state industrial foundations which are unproductive, inefficient, and insignificant have been leased and sold to other economic sectors. Traditional handicraft work has been more extensively developed. The quantity of various kinds of locally produced essential goods under various forms and with better quality and low prices has increased. The production of certain goods for export has been promoted and developed.

We have invested a large sum of capital in developing the communications and transport sector which is regarded by our party as a sharp branch in our national economy. We have completed the construction, repairing, and upgrading of many important highways and bridges in many provinces. We have paid attention to building and improving local and intervillage roads. Waterway and air communications have been improved and expanded by both the state and private sectors with the utilization of different kinds of modern and rudimentary vehicles, thereby improving transport and communications services in some regions and contributing to promoting production, economic and cultural development, and contacts among the people. The communications system has been improved and expanded to all provinces and many districts throughout the country, thus ensuring quicker and more reliable contacts among people. Communications services and quality have also been improved. We have completed the construction of the second regional satellite station which has enabled us to quickly and effectively make contacts with many countries.

We have switched from the bureaucratic centralized planning system to the system of mapping out plans up from the grass-roots level and of linking plans to the markets. We have abolished the unorganized state-financing finance mechanism and replaced it with the new finance system of goods-money relations, which clearly separates the state finance system from the finance system of state enterprises. The tax system, the accountancy system, the various finance relations, and the salary and pension system have also been consolidated and modified. The utilization of foreign loans and aid and capital mobilized from domestic sources is better oriented for more efficiency.

Our banks have been classified into two categories to undertake different functions. The state bank has been further consolidated to carry out the state monetary management. A number of state-owned banks which have been transformed into business institutions have effectively fulfilled their business and monetary transactions tasks. The implementation of the policy of exchanging the kip with foreign currencies at the market rate has created positive effects on the monetary circulation and business production. The implementation of the policy on offering reasonable interest rates has enabled the banks to draw more cash into their coffers. The monetary circulation through the banks has also increased.

With regard to trade transactions, the policy on free and legitimate circulation of goods and on trading at mutually agreed prices has served to promote the role of trade as the primary link in business transactions. Markets have emerged in many localities and have been expanded both in urban and rural areas. Trading transactions have become more active, thus serving to encourage production to develop.

Foreign economic relations have been broadened and have enabled us to secure financial assistance and loans from foreign countries for socioeconomic development in our country. More and more foreign firms have invested in business operation and the exploration and exploitation of natural resources in our country.

During the past five years, we have paid constant attention to solving social problems as conditions and the actual economic and financial potentials of the country permitted. We have made a number of achievements in this field.

Acknowledging the significance of education and national development, our party and government, after the fourth party congress, have agreed to implement the educational reform program, that is the strategy for education expansion from now to the year 2000. Schools, teacher training networks, and vocational education institutes have been improved and expanded nationwide. The number of students has increased. We have produced a sizeable number of scientific and technical cadres. The people in many localities have contributed labor and materials to expand education service. The people's knowledge has been upgraded. The most praiseworthy is the high sense of responsibility of our teachers and lecturers. Despite difficulties and hardship

in their living conditions and the lack of teaching and learning equipment, our teachers and lecturers have been patient and industrious and manifested their love for their students, teaching career, and concern for the future of the country.

Our party and state have attached significance to the people's health. We have been making endeavors to improve and expand the public health service networks to render medical treatments and preserve the people's good health. A number of hygiene promotion projects and disease prevention programs have been successful. The study of traditional medicines and their application with modern medicines to render medical treatments to the people is being made and expanded nationwide. The numbers of medical cadres and doctors have also increased.

We will pay more attention to preserve and promote our country's cultures and fine customs of the nation as well as all tribes. Ancient shrines in many localities have been renovated. Our people have faith in and appreciate the contribution made by Buddhist monks and novices to the tasks of educating compatriots and teaching them to be generous with each other, love their nation, and jointly develop the country, rendering medical treatments to the people, and assisting the latter in other undertakings.

The quality of propaganda and information work has improved. Efforts have been made to publicize the lines, plans, and policies of the party and state and the achievements and progress in the tasks of national defense and construction. In addition, the people are kept well informed of the situation which has constituted a major contribution to the elevation of the people's knowledge in politics and general fields.

Beloved comrades, one of our great and proud achievements is made from the task of national defense and maintenance of peace and order. Continuous improvement in this field has been registered. While our people are striving to develop the country, the hostile forces have intensified their subversive schemes and actions against us. Being united as one soul and one body to implement the two strategic tasks laid down by the party and maintaining high self-vigilance, our people have passed several major tests with brilliant victories, thus firmly defending the national independence and sovereignty and the new regime. Consequently, stability and peace and order have been restored in the country for the people to exert their efforts to build the country in peace.

The armed forces have been highly determined to overcome all difficulties and have fulfilled their duty of 'laying down the foundation for national defense and maintenance of peace and order for the people and actively contributed to the socioeconomic development.

In the field of foreign affairs, consistently pursuing the foreign policy of peace, independence, friendship, and cooperation with various countries, we have broadened relations and extensive cooperation with various countries in the economic, scientific, and technical fields on the basis of equality and mutual benefit. Simultaneously, we have tried to make an appropriate contribution to the movements for peace, national independence, democracy, and the social program. Noteworthy is that we have joined Vietnam and Cambodia to further improve, promote, and expand our friendship, special solidarity, and all-round cooperation in accordance with the requirements of the new era for the common and specific benefits of the three countries. Our relations and cooperation with the Soviet Union have strengthened and our traditional relations of friendship and cooperation with the PRC have been restored and broadened in all respects. We have pursued the policy of peace and neighborly friendship with the Kingdom of Thailand. We have built and promoted the fraternal relations and have settled various problems through peaceful means with the Kingdom of Thailand.

Relations with industrialized countries have been strengthened. Those countries have been cooperative and helpful to us. We have also stepped up our relations and cooperation with international orgnizations and been active in the United Nations and Nonaligned Movement for the benefit of peace and development. The aforementioned successes of the foreign policy of the party and state have created external conditions conducive to our people's tasks of national defense and construction.

Now I will talk about the political system. Comrades, to guarantee that the task of restructuring in economic and other areas will proceed in the right direction while maintaining national stability, our party has restructured the political system step by step in a suitable manner. First of all, we have restructured things inside the party. Our party has increased its responsibility toward the fate of the nation and society and continuously made efforts to restructure the guiding and working methods so as to heighten the effectiveness and efficiency of the party's leadership up to the requirements of the new era. In particular, our party has paid attention to educating and training cadres and party members as well as the people so that they can appreciate the party's restructuring policy. Regardless of any confusing situation, our entire party is always united and firmly preserves its leading role.

At present, a large number of party members have enhanced their leading role and are carrying out their duties and work in an exemplary fashion. They enthusiastically train themselves and maintain the true nature and qualifications of party members, and hence create close relations between the party and the masses, mobilizing the people of all strata to successfully implement the party's political tasks. We have built the party while staying close to the masses. Through this process, the rank and file of party cadres and members has grown larger while the quality and number of party members rises with each passing day.

In other areas, we have attentively improved the party's organizational apparati at different levels and specified the party's leading role in the political system. The state's organizational apparatuses have been renovated for more efficiency. We have clarified the state's management and administrative roles in economic production. Meanwhile, the state has promulgated a number of laws to guarantee citizens' democratic rights and freedoms which have created conditions favorable for the people to live and earn their living.

Our party has always maintained that the tasks of national defense and construction are the tasks of the masses. In the past years, we intensified our efforts to mobilize the masses to build a comprehensively strong foundation. The said tasks are being continued and expanded nationwide. Mass organizations and youth, women, and trade unions, and the Lao Front for National Construction have relentlessly enhanced their roles and made major contributions to create unity and collective strength for our country. We are extremely proud to see that the people of all tribes and strata possess the patriotic spirit and are aware of the sense of self-mastery and their democratic rights and freedoms which they demonstrated during the elections of the people's councils at different levels and the discussions of the draft constitution and draft political report of the party Central Committee.

Comrades, through the implementation of the resolution adopted by the fourth party congress during the past five years, we have accomplished successes and great victories in many areas and marched ahead with firm steps which are the results of the collective efforts of the entire party, armed forces, and people as well as the valuable assistance from brotherly and friendly countries and international organizations. On this auspicious occasion, I, on behalf of the party Central Committee, wholeheartedly acclaim and praise the people of all tribes and strata, cadres, party members, and armed forces nationwide for their physical and mental energies and sacrifices, extending to loss of life, which they have made to contribute to the common tasks of our nation.

I wish to express thanks and gratitude for the assistance provided for the Lao people by fraternal and friendly countries and international orgnizations.

Beloved comrades, as we are elated by the aforementioned successes and victories, we must not forget that we still have many shortcomings and remaining problems that must be seriously settled. First of all, we must realize that we have many shortcomings in organizing the implementation of the party's lines and policies in guiding and managing party and state organizations at different levels. We failed to work out clear job classification and lack adequate responsibility to our duties. Coordination and relations, both vertically and horizontally, among sections and agencies are weak and caused an overlap of duties and repetition. Duties have been carried out unsystematically and without discipline. We should pay attention to the existence of factionalism and regionalism for they lead to the negligence of rules, principles, and the plan which is the violation of the principle of democratic centralism and the state laws. Moreover, the organizational apparatuses are too big. There are too many staff members of state agencies. The inspection and organization of the implementation was fruitless. No effective means have been applied to learn from the past. These are the causes of low efficiency. In other words, the return does not deserve our investment and physical endeavors.

Our shortcomings in the economic fields are quite numerous. In the agricultural and forestry areas, there still exist several difficulties and confusions. The party's policy that regards farmer families as the fundamental units of agricultural production has not yet been seriously implemented. At present, state agencies have not yet clearly specified the system of ownership and land utilization rights. There have not been supportive measures such as credit loans, pricing policy, and other services to help farmers limit and halt the slash-and-burn cultivation which is one of the major policies of our party and state. However, all sectors concerned will have to intensify their efforts to secure this achievement and turn this difficult task into the responsibility of localities. The timber exploitation has been carried on indiscriminately while industrial growth is very minimal. There has not been any collective plan for industrial development. The application of techniques and new technologies is still made on a small scale. We lack a suitable policy for promoting handicrafts. We have invested huge amounts of money for the expansion of communication networks but their quality is still low. The management, utilization, and maintenance of roads are ineffective. The role of trade in promoting production in the country is not yet up to the prominent level. Our country is facing a heavy trade deficit. Imports exceed exports by a wide margin. Circulation of goods in some localities has been obstructed for the purpose of profiteering.

Regarding economic relations with foreign countries and incentives for foreign investment, we still lack a centralized plan, detailed information, and a necessary working system. Our national finance has not been centralized and unified. State finance has not been used as a tool to effectively influence and diversify the national economy. Revenues for the state budget from domestic sources have not yet covered the expenditures, many of which are unreasonable and extravagant. The utilization of financial assistance and loans has not been well organized and centralized. The shortage of cash still exists to a great extent and has not yet been solved. The implementation of social policies has not been in the right proportion with economic changes. Many shortcomings and negative phenomenon have been left unattended in this field. The quality of education is low. The number of school age children who are not in school is increasing. We are unable to take good care of teachers in rural areas. This is a problem of concern and one of our big shortcomings. Public health services rendered to the people are not of good quality. Most public health

networks operate in big cities. The mortality rate of newborn infants is high while life expectancy of the population is low. Some epidemics have not yet been completely eliminated. The traditional arts of healing have not been promoted. Our people's livelihood and cultures have developed rather slowly. Cultural exchange among tribes is limited. No effective measures have been mapped out to defend and promote the country's fine cultures and customs and check the decadent cultures. We fail to act quickly in formulating a number of policies to promote study and invention in arts and literature—generally speaking, cultural work. Our propaganda and training work and information service are sluggish and slow. Their contents are rigid and forms are lifeless.

Our shortcomings in improving and implementing the salary payment system and social welfare program have caused difficulties to the livelihood of administrative and technical cadres, soldiers, policemen, and pensioners. The people who have done good deeds for the revolution and the families of those who have sacrificed their lives for the national cause have not yet received the good care they deserve. We can say that the implementation of social welfare policy is our weakest point and the most difficult problem for us at the present time. In the past years, although our cadres have been much improved, they cannot yet meet the requirements of the new era. We have not yet paid due attention to acclaim outstanding cadres, training, and educating personnel of different categories such as those working in state management, economic management, and law enforcement. Cadres are assigned to do jobs not suited to their skills and knowledge. In short, we have accumulated many shortcomings and weak points which have considerably limited the advancement of our country. The shortcomings and weak points are derived from many causes. One of the them is that we regard the task of restructuring as new to us. In fact, this task is a difficult, long, and confusing process of scientific and revolutionary natures. The other factor is that the starting point of our country is too low. However, we must sincerely admit that we ourselves have caused these shortcomings. Therefore, we must concentrate our efforts to eliminate them.

Beloved comrades, we can draw conclusions from our past struggle as follows:

1. The party's correct line is the factor of our victory. Generally speaking, the collective line laid down by our party is fundamentally correct. But in the past, there existed the phenomenon of voluntarism, haste, and desire to move forward quickly beyond our actual capabilities. However, our party has always studied the actual socioeconomic conditions in the country, held firmly and applied the general principles of Marxism-Leninism, acted sensitively and taken initiative in restructuring the lines, plans, and policies so that they are compatible with the actual circumstances. Our party is highly determined to eliminate and correct all shortcomings and mistakes in a timely manner. This is the evidence of the intelligence, political firmness, and total responsiblity of our party in leading the people in the entire country to march forward to achieve the goal.

2. The second thing is that national unity and harmony are our invincible strength. So goes an old Lao saying: A single bamboo pole can make no fence; without money, no town can be built. Our party holds that national unity and harmony are a decisive factor for our national development and survival. That is why we have paid close attention to uniting the people of all strata and ethnic groups into one single entity so that they will become consolidated, patriotic forces to victoriously fulfill the tasks of defending and building the country. The most important thing is that within the party itself, especially within the highest party leadership organization, there must be unity and harmony forged on the basis of the party's political line and principle of democratic centralism so as to act as a core for the unity of the masses. This is the second conclusion.

3. The third conclusion is that the party must rely on and come from the people and work for their interests. The flesh-and-blood relationship between the party and the people is an outstanding feature in the tradition of our party. All lines and policies of our party have originated from the aspirations and interests of the people. To enable the party's lines to be truly realized, our party has paid close attention to educating and clearly explaining the meanings of such lines and policies to the people, consulting and discussing with them their contents, and organizing, leading, and urging them to carry out their duties with a sense of enthusiasm. On the basis of this assumption, our party regards the turning to the grass roots, the enhancement and promotion of democracy and a sense of mastery among the people, as well as the building of comprehensive strong grass roots as the strategic measures to which it has consistently adhered. That is why the foundation of the people's democratic system is becoming stronger and firmer and the relationship between the party and the people increasingly strengthened. This is an effective method to prevent the exercise and abuse of bureaucratic power by cadres and party members.

4. The fourth conclusion is that cadres have a role to play in deciding the gains and losses of our party's line. In the past, even though numerous difficulties have prevailed and the situation has developed in a complex manner, our party is still able to securely maintain its leading role and the new regime thanks to a contingent of its strong and reliable cadres. To maintain such a contingent of cadres, our party has paid close attention to consistently educating, training, managing, defending, and supervising its cadres. It has upgraded and trained cadres through mass movements. Only by doing this will we be able to ensure success for the implementation of the policy of promoting the multisectoral economy and expanding economic relations with foreign countries, to smash the enemy's scheme of effecting a peaceful change, and to dispel all negative feelings among the people. If we lack a firm grip on the cadre issue, we will have no success in executing our tasks. As a result,

painful damage to our cadre work will occur. This is a painful lesson which we must keep in mind at all times.

5. We must enhance the spirit of genuine patriotism and the spirit of glorious internationalism and combine the strength of our nation with that of the epoch. This has become a glorious tradition followed by our people for a long time. Thus, our party regards it as extremely important to educate our people to hold aloft their national pride and to harmoniously combine the spirit of patriotism with the spirit of internationalism. In addition, our party also regards it as important to correctly implement the foreign policy to conform with change in the situation in each period. All this has served to further increase the strength of our nation and to contribute to the cause of peace and social progress.

This is the end of Part One.

I will proceed to read Part Two of the report.

Part Two deals with the continuation of the establishment and promotion of the popular democratic system.

Beloved comrades, over the past 15 years, especially in the past 5 years, we have recorded great achievements in all facets of social life. The face of our country has changed in a progressive direction. Nonetheless, at present our country still remains one of the most underdeveloped in the world. This is because our country was at a very low point when we commenced building the new system. For example, the standard of our production forces was very low and backward. Therefore, the attainment of a lasting prosperity for our country can be gained only by passing through many long periods of development.

Relying on the reality of the socioeconomic conditions of our country, on the building of the new system in our country, and on lessons learned from many countries, our party defines that at present, we are still in the continuing stage of building and developing the peoples' democratic system and of building fundamental factors for gradual advancement toward socialism.

Thus, the immediate overall orientation and duties of our entire party and masses are as follows:

We must continue comprehensively implementing the cause of restructuring and strengthening the unity and singularity of the entire Lao people on the basis of the alliance of workers, peasants, intellectuals, and students under the party leadership. We must pay attention to promoting the multisectoral economy, vigorously expanding production forces, transforming the natural and seminatural economy into the goods economy, improving the living conditions of the multiethnic people, promoting and enhancing democracy in all facets of social life, cherishing the roles of all mass organizations and social organizations, building state apparatuses into the tools of the people, which truly serve and work for them, abiding by the Constitution and other laws, and continuously upgrading the party's leadership role within the framework of our political system. We must consolidate the national defense and public security maintenance work among the entire masses and securely defend independence, sovereignty, and the new regime. We must guarantee political stability, peace, and order for our entire society. We must continue broadening our relations and cooperation with foreign countries and international organizations. All this is aimed at building a peaceful, independent, democratic, unified, and prosperous Laos and contributing to the cause of peace and social progress in the world.

The above-mentioned overall orientation and duties must be displayed through our national development strategy and transformed into detailed plans and policies in conformity with the reality in each period. First of all, we must firmly grasp the fundamental views of our party in each sphere.

In the economic sphere, our party specifies that to transform the natural and seminatural economy into the goods economy, the first step is to link the comprehensive forestry-agricultural development with the industrial and services development from the beginning. At present, farmers comprise more than 90 percent of our population and forestry-agricultural production more than 60 percent of our gross national production. Generally speaking, our production forces still remain inefficient. Thus, to build the economy, we must begin the process at the level of each family. In doing this, we regard the farming family as the basic unit of the national economy.

At present, our country's economic structure is that of the goods economy operated under the terms of equality pertaining to all laws and under various forms of ownership and organizations with different levels and sizes. The private economic sector plays an important role under this structure. It receives promotional support and protection from the state. The state economic sector will be consolidated to conform to the reality so that it can perform its key role in some spheres of work and in controlling certain fundamental products of our national economy. The various forms of economic sectors and organizations either compete or cooperate and ally with one another under the forms of joint business cooperatives, partnership companies, partnership enterprises between the state and the private sector, between private individuals, and between local and foreign business interests as well as in many other forms depending on the requirements of the situation. These economic sectors are required to strictly abide by all state laws, regulations, and measures. This process has been carried out in a continual, coordinated, and sychronized manner and in various sizes beginning from small- and medium-size enterprises with different levels of techniques and technology depending on their own abilities and requirements. These economic sectors will be combined into the structure of the goods economy with different levels of relations. As a result, they will be able to exploit the potential and consolidated strength of our society in an extensive and efficient manner, thereby bringing more

rationale into the structuring of the national economy as well as the reclassifying of social production forces on the basis of the production strategy and special privileges prescribed by the state. This structure will allow certain key services and zones to advance ahead one step further to become the foundation and impetus for other services and zones to follow suit.

Another basic view of our party toward the economic sphere is that we must continue to change the economic policy and the economic management mechanisms. First of all, we must continue eliminating the vestiges of the bureaucratic and centralized management mechanisms, applying the market economy mechanisms with state sanctions, and vigorously promoting the development of the goods economy.

In order to translate this policy into reality, the most urgent thing to do is to continue to carry out the modification work and increase the efficiency of the state management in the economic sector with a view to guaranteeing the correct definition of rights, smooth supervision and control, and serious inspection of all economic activities. In this new management mechanism, the state is not entitled to directly manage business production. Instead, it is to concentrate mainly on fulfilling its macro-modification role and responsibilities through the use of economic tools and on the firm and explicit basis of law. Various middle points in management, which serve merely as forms that obstruct the briskness of business production, as well as various forms or acts of restrictions and violations of the right to self-mastery of business proprietors, must be completely eliminated.

In the new economic policy, the potential of the entire people and economic sectors will be promoted and expanded to enable them to enrich themselves and to build a prosperous country. All business production proprietors of all economic sectors are authorized to adopt their plans, organizational system, and business structure by themselves so that they can fully promote and expand their potential and be held personally accountable for the outcome of their business production. They also maintain the legal right to share their profits as they see fit. At the same time, they have to completely fulfill various obligations and contracts with others.

The aforementioned attitudes of the party have been considerably appreciated at the meetings of various economic sectors. In this political report, the following certain important issues will be further noted:

In the agricultural field: Our party's basic policy is to vigorously promote the family economy of farmers with a view to switching from subsistence production to the production of consumer goods step by step. As land resources are the property of the national community and can be legally used by all members of the national community, therefore, to create conditions to promote and expand the family economy, our party has adopted a policy to protect the rights of farmers to use the land on a long-term basis, including the right to grant an inheritance and accept land property as a guarantee in accordance with state regulations. They also maintain the authority to grant rights to other people on how the land is used by receiving, in return, compensation for the capital they invest in that piece of land. For this reason, it is necessary to speed up the registering of land and the issuing of land title deeds for those who maintain legal rights to use the land so as to clearly make sure each and every piece of land has an owner and to encourage farmers to make full use of the land they own, plant crops in all seasons, reclaim more land, and carry out intensive cultivation ever more effectively.

It is appropriate to study and revise the agricultural tax policy, promote intensive cultivation, and increase efficiency in doing so. It is also appropriate to study the policy on the promotion of agricultural production and service in mountainous and remote areas, as well as to study ways to collect the agricultural tax in terms of money or agricultural products in conformity with conditions prevailing in each area in order to encourage farmers to carry out intensive cultivation. To broaden and increase the efficiency of business production in the agricultural field, it is necessary to adopt a policy to guarantee normal harvesting and low harvesting costs and to guarantee the harvesting of a large number of basic agricultural products to encourage farmers to favorably carry out the production so as to shape up specific crop planting zones step by step. It is necessary to adopt a policy of subsidizing prices, such as the price of electricity used in irrigation work, fertilizer, insecticide, and new types of seeds. It is also necessary to adopt a policy of granting agricultural credits and privileges for importing small-size farm machinery appropriate to farmers' practical use for sale to farmers on the installment payment plan. Appropriate investments must be made in developing the irrigation system in main rice farming areas. In addition, it is necessary to strive to guarantee the achievement of sufficient food grains to meet requirements in the country, pay attention to encouraging and assisting farmers to raise domestic animals and plant industrial crops for selling, and publicize lessons on crop cultivation and livestock breeding to achieve a new level of development in agricultural production.

The promotion of agricultural production in accordance with these new policies is aimed at switching to a comprehensive agricultural system in which goods are produced and later production turns to the building of specific crop planting zones which are closely related to the rural development plan and this will result in shaping up economic and cultural groups in each area.

Now, I would like to discuss certain policies on forestry. Forests are considered precious natural resources greatly useful to the socioeconomic sectors as well as to our country's environment. Our policy in this field is aimed at preserving and increasing forestry treasures, and at appropriately and effectively utilizing the great potential

of forests. First and foremost, certain authorities must be assigned to be responsible for the forests—the common property of the nation. The authorities must regularly take care, preserve, and perfect the forests and must restrict their indiscriminate destruction. It is, therefore, necessary to conduct surveys and work out concrete plans on forest land and to explicitly share responsibilities over the benefit of each level and each sector in each area.

We must urgently review the experimental work in granting land and forests to the people for use so as to improve and modify the various regulations on land distribution and to further expand the scope of this work. People in mountainous regions are important forces who will become the owners, protectors, upgraders, and operators of the forestry economy.

To limit and to proceed toward halting forest destruction for slash-and-burn cultivation, we must implement a policy of finding fixed professions for the multiethnic people living in mountainous regions. The state should give assistance to upland people with regard to the capital and technical know-how so as to encourage them to engage in earning their livelihood on fixed locations, such as in combining rotation crop cultivation with livestock raising and the planting of fruit trees with the growing of industrial crops. We must urgently issue regulations on the closure of forests in degraded and denuded areas.

Henceforth, all timber exploitation concessions must be accompanied by a reforestation contract before exploitation work can be carried out. All industrial and business units in the forestry sector must ensure that the regulations on the processing of timber for export are strictly adhered to. As for the export of logs, the regulations enacted by the Council of Ministers on this matter must be strictly enforced. We must increase the effectiveness of forestry management and timber export. State apparatuses involving forest conservation and exploitation must be upgraded. The quality of work of forestry cadres must be elevated. The regulations governing forest concessions and timber bids must be urgently studied and enforced.

The Industrial and Handicraft Sector

A turn to industrialization is an objective need aimed at modernizing and bringing progress to the national economy. As for our country, the turn to industrialization will be carried out with appropriate steps depending on the actual strength and capabilities of our country. At present, we have a policy of dynamically promoting industrial and handicraft production through various necessary measures with a view to increasing the production of essential goods and goods for export, especially those goods which reflect the strength of our country. The direction of this work is to develop small industry, handicraft production, and various services by using local raw materials, natural resources, and labor and by relying on the operating capital of those families involved in such enterprises. This is aimed at expanding the processing of forestry-agricultural products and promoting goods production. It also contributes to assisting the reclassification of social work.

At the same time, we must broaden our cooperation and relations with foreign countries in order to set up medium- and large-size industries, such as the energy industry and the ore exploration industry, so that our efforts to turn the industrial sector into a sharp tool for our country will be gradually realized. Our state must map out plans and policies to protect domestic production and to give special promotional rights with regard to capital and taxes to those industries producing goods for export. In addition, the state must specify the categories of products and industrial zones which are entitled to receive special industrial promotion from the state.

The Communications, Transport, and Postal Sector

The party still regards communications, transport, and postal work as a sharp tool of the national economy, which plays an important role in promoting the development of economic and cultural production and in building production forces. Our policy in the immediate future in this work is to consolidate and expand the communications and transport networks into certain key areas in accordance with overall plans so as to bring communications and transport services to all key localities throughout the country and to facilitate our contacts with foreign countries, including finding access to the sea.

First and foremost, it is necessary to concentrate on building and raising the level of main national highways and linking them with existing interprovincial roads to guarantee thorough transportation service in all seasons; building and raising the level of roads leading to various districts by explicitly defining the sharing of funds and techniques between the central and local sectors; expanding roads in rural areas; encouraging the people to make contributions to construction; defining the responsibility over implementation of the plan and the utilization, maintenance, and perfecting of roads, bridges, and other communications facilities; improving and broadening the land, waterways, and air transportation and passenger services to achieve better quality, higher efficiency, and cheaper prices; improving and modernizing the communications system and expanding it to various districts throughout the country; and to guaranteeing quick and clear communications and telecommunications with foreign countries.

In the trade field, clearly understanding the significance and role of trading, the promotion of production, and switching from the natural economy to a goods-oriented economy, we will continue to consistently implement the policy of free and legal circulation of goods and make use of all economic sectors to extensively carry out trading. In this regard, we will vigorously promote private trading, particularly small trading activities in rural areas to sell consumer goods, farm tools, and other

necessary items to farmers, and in return to purchase various products from them. We will also positively do away with the monopolizing practice and all forms of restrictions on goods circulation, the practice which results in dividing markets in accordance with the executive zones. In addition, we will set up markets in areas which link the countryside and townships and turn them into national unified markets.

The purpose of the foreign trade policy is to step up exporting and settle the shortage of currency for trading step by step. To achieve this goal, we will increase our exporting potentials and vigorously promote the production of goods for export. As for the importing business, it is necessary for us to adopt measures to limit and reduce types of goods that can be domestically produced and to promote the import of raw materials, tools, and other ready- made items for production in the country, in particular the production of goods for export. At the same time, importance must be attached to adopting a policy of promoting small-scale exporting among the people.

In broadening the relations with foreign countries, we should pay attention to promoting tourism. Our country is a country which has beautiful scenery, many historical places, and fine cultural traditions. Therefore, by promoting tourism, foreigners will be able to understand our nation and people correctly and ever more profoundly. We should appropriately make an investment in this field, promote tourism in accordance with the direction of guaranteeing quality in terms of service and management, satisfying tourists, and maintaining the fine cultural traditions of our nation.

Now, I will discuss the financial and currency aspect. To implement the role and responsibility of state management at the macroscopic level to guarantee the effective supervision and defining of direction for carrying out activities of the national economic sector and the society, the financial and currency policy plays a decisive role. In the national financial report, the policy of mobilizing revenue resources is considered very significant. The urgent thing to do in this regard is to completely separate the business financing with state financing to enable various business units to fully implement their rights to self-mastery and expand their businesses by themselves. The state fulfills the role and responsibilities of macro-management through the implementation of regulations, laws, and various systems, policies, and levers to modify and set the direction for business production. It is also necessary to completely do away with unnecessary assistance and pursue the policy of providing financial support for production of state-promoted goods. Simultaneously, it is necessary to set up nationally accumulated funds to serve as a treasury for use in implementing the macro-modification role of the state, interfere in markets when necessary, implement the expenditure system in accordance with the unified plan of the state, strive to reduce overspending of budget, and strictly implement the policy of practicing thrift both in production and consumption.

Our new financial policy is aimed at guaranteeing equality in dealing with the law, equality in gaining benefits and fulfilling obligations among various economic sectors and between various branches and various localities, and vigorously promoting business production to daily increase national revenues and budgets and worthily contribute to guaranteeing the achievement of justice and social progress.

As we are applying all measures to exploit and mobilize financial sources both inside and outside the country, we must continue to improve and amend our taxation policy because taxes constitute the fundamental source of revenue in the country and are the important tools of the state in promoting and supervising economic production and circulation of goods in all parts of the country as well as imports and exports. Therefore, we must actively improve the organization of taxation apparatuses so they can work effectively and continue to modify the structure of budgetary expenditures in line with the privileges reserved for the state's major projects designed to meet the urgent demands in the education, public health, social, and cultural areas as well as in national defense and maintenance of peace and order.

We must continue to study and implement the credit policy in a more rational manner while trying to increase the efficiency of the state administrative apparatuses. Meanwhile, the subsidy policy must be appropriately applied with those who have retired from the state service and must be encouraged to turn to business production.

A comprehensive legal foundation for the financial structure must be created. Financial movements of business production units must be effectively inspected. Actions must be taken to prevent violation of the state's financial regulations. The state must play a more active role in controlling monetary circulation and expeditiously improve the operation of the national bank so it can act as the bank of all banks and be capable of influencing the movements of the money market, guaranteeing the market's stability; overseeing the printing and circulation of money; reducing the rotation rate of credits in line with the tempo of economic growth; implementing a subtle interest policy that can best serve the demands of the money market with an aim to promoting production; promulgating the laws and decrees to guarantee safe and smooth monetary circulation and keep money, commodities, and demand for investment capital well balanced so as to broaden production and monetary circulation in all business sectors, such as farmer families, and stabilize the kip currency.

We must expeditiously improve the organization and operation of the state commercial banks in line with the new mechanism, educate and train technical cadres, acquire new technical tools to improve the quality of

banking services, and ensure quick, safe, and convenient services and heighten the economic efficiency of these banks so that they can function as the leading core in the economic, finance, and monetary systems. We must promote the establishment of partnership banks and semicommercial banks and encourage foreign banks to open branches or representative offices in our country in accordance with the actual requirement of economic development, learn from the past lessons on the establishment of credit cooperatives, and broaden their operation, particularly in the rural areas. All monetary business establishments must comply with the laws and regulations laid down by the state and be under the supervision and control of the national bank.

Next, I will talk about economic relations with foreign countries. To broaden economic relations with foreign countries is the important part of our party's comprehensive restructuring policy. In the years to come, our party will further implement this policy ever more positively on the basis of the useful lessons accumulated in the past. We will make use of the potentials and new advantages of international economic relations to develop commodity-oriented economy in our country and make it possible for us to participate in the process of international cooperation step by step.

The major direction of the broadening of economic relations with foreign countries at the present time is to promote foreign investment in all forms in business production in our country. For this reason, we must promulgate additional regulations and laws dealing with foreign investment, lay down necessary policies to provide favorable conditions and confidence for foreign investors, work out the policies concerning special economic zones, industrial zones, and production for export zones, and concessioned areas for mining, forestry, agricultural, and other businesses. It is important to keep in mind that we must keep all work in good balance; upgrade efficiency in management and the quality of investment service by providing necessary documents and business and technical information; abolish unnecessary regulations that cause annoyance and confusion to foreign investors; and continue good relations with all countries and international financial institutions so as to secure their assistance and loans for socioeconomic development in our country.

The Science and Technology Sector

The application of new findings in science and technology is a must in our country. Relying on the special aspects of the reality of our country, we must firmly grasp the direction in combining the utilization of rudimentary and semimodern tools with the application of modern techniques and technology in some areas of work and in some zones where we possess enough capabilities to do so. First of all, we must give priority to the agricultural and forestry sector. In the initial stage, this application will be carried out only within small- and medium-size enterprises in this sector. Nonetheless, in some cases if it is necessary, and provided favorable conditions prevail, such application may be executed with large enterprises.

In carrying out business cooperation and joint ventures with foreign countries, we must accept only modern technology and avoid obsolete and backward techniques and technology. We must pay special attention to training technicians and workers to become capable of accepting new technology. We must pay attention to carrying out the work in studying information on the latest developments, statistics, and predictions in science and technology.

The Social Sector

Beloved comrades, economic and social problems interrelate and interact. The higher the economy develops, the more ability it will have to solve social problems. By the same token, if the solution of social problems is effectively carried out, great opportunites will be created for promoting economic development so the people's living conditions can be improved, thereby contributing to building sociopolitical stability in particular, and the development of the social sysiem in general.

We have repeatedly reiterated that our primary objective is to do everything for the well-being of our people. Therefore, we must continue rectifying our policy on solving social problems, which are also a fundamental issue in our people's democratic system. Because the scope of our social problems is enormous and the need to solve them increasingly becomes more urgent while our capabilities are so limited and the level of our current economic development still remains low, we, therefore, must admit that it is extremely difficult for us to completely do away with all of these social problems all at once for our country. Our party believes that a social policy which we need to pursue must be compatible with our ability to implement it with the greatest degree of efforts. The state is directly in charge of resolving all social problems. However, all business units attached to the various economic sectors are also responsible for taking part in solving these problems. Therefore, it can be said that the settlement of social problems is the duty of the entire people and all of society. Because of the limitation of our capabilities, efforts to solve social problems in the immediate future must be concentrated on certain urgent areas.

On the basis of this urgency, first of all we must pay attention to education work. We must continue developing the basic contents of the educational strategy from now to the year 2000. This is our detailed objective and appropriate plan. In the immediate future, we must persist in working to reduce the number of illiterate persons; increase the people's knowledge and awareness in education; train more technicians, specialists, and intellectuals to meet the requirements of the country; and enforce compulsory primary education for all youths

by primarily relying on government budgets and appropriate contributions from the people, economic sectors, social organizations, and Buddhist monks.

As for the state-sponsored education system at the secondary and senior high school level and the levels of intermediate and advanced vocational training schools and universities, it will be reorganized to suit our current capabilities. We must have a correct understanding that the training of cadres is to prepare them to meet the needs of all economic sectors in carrying out cultural and social development. They are not prepared only to serve in the state apparatuses.

The overall direction of educational development in our country in the years to come is to place an emphasis on attaining quality as a primary objective aimed at gradually raising the standard of our education to the same level as the international education standard, developing education on the basis of the pyramid theory with the administration of examinations at all levels, expanding both government and private schools, and coordinating the content of education offered both inside and outside the country to conform to our country's actual socioeconomic development requirements.

Based on the aforesaid overall direction, we will study and revise the educational system, including curricula and teaching methods as well as the building and training of teachers. In this regard, we will link schools with production bases and effectively combine the education at schools with education in families and the society with a view to building men of the new generation to be good citizens who maintain a patriotic spirit, a spirit of maintaining solidarity and harmony, a pure international spirit, and a sense of respecting regulations, discipline, and laws—citizens who are industrious and persevering in studying and engaging in labor, and who maintain a sense of endeavoring to pursue the cause of the past generation. We will modify the educational management work. We must thoroughly and strictly supervise education both in state and private schools in order to guarantee the unifying of educational management throughout the country.

Another important point in the social policy that must be attentively settled is the consolidation and raising of the quality of public health work. First of all, a guarantee must be made to provide the people with ever better public health services. In the immediate future, efforts will be concentrated on improving existing hospitals and health stations to enable them to regularly carry out activities and have medicine to serve the requirements of the people to receive medical treatments and maintain good health. Efforts will also be concentrated on further expanding the public health network as possible. At the same time, the private sector will be allowed to open clinics and drugstores to provide general service under the strict supervision and control of the public health branch. It is appropriate to study a policy of providing free medical treatments for low-income people.

In subsequent years, it will be necessary to mobilize and advise the people to appropriately practice sanitation rules in eating their daily meals, organize to prevent various contagious diseases, eliminate a number of communicable diseases, reduce the infant mortality rate, and increase the life expectancy of the population. At the same time, we should apply some measures to control the population increase so it is in line with economic growth; this will ensure improvement of the people's living conditions. The traditional art of healing and modern medical treatment of illness must be appled in harmony while physical exercises and sports are promoted extensively.

Culture is another important part of the people's livelihood. As national culture and traditions are being promoted, we must pay attention to the preservation of arts and cultures, in all forms, of various tribes, merge them with the culture of the national community, and accept the good aspects of the cultures of mankind. Our overall direction in this regard is to promote the culture of national, popular, and progressive characteristics.

From now on, we must continue to organize, assist, and promote the masses' arts and cultural movements; create a good, clean, and civilized way of life among the people; check all forms of foreign decadent and indecent cultures; strengthen the material and technical foundations for the cultural sectors; expeditiously lay down a policy of providing both moral and material support for artists and actors; improve and upgrade the quality of the propaganda and information work to meet the demand of the new era so it can be used as an effective tool to popularize the party and state's lines, plans, and policies; promote the spirit of national unity and reconciliation; mobilize the spirit of patriotism and confidence in the party's leadership; and enhance the law-abiding consciousness.

The prominent demand is the administration of justice in society. Social justice must be manifested in the forms of an income distribution policy, a social welfare program, and the equality of citizens before the law. Therefore, we must take concrete actions and appropriate measures to handle the relationship between rights and duties and between the interest and obligations toward the nation of each organization and citizen and oppose the doctrine of equal sharing and the practices of corruption and abuse of authority. We must study and promulgate the habitat policy and generate jobs for the people so as to ensure social stability while implementing an appropriate social welfare policy for those who have done good deeds for the country, senior citizens, pensioners, families of those who have sacrificed their lives for the national cause, disabled persons, and families that have too many children. Besides the state budget, we can establish foundations or charity organizations to collect public donations for social welfare programs.

Our party and state have reserved special attention for the tribal issue. During this new era, the unity and solidarity of the Lao people of all tribes is the most

decisive factor for the task of development of the popular democratic system. Our party will do its utmost to strengthen the force of unity and solidarity and reconciliation among tribes in the national community. Our party's tribal policy guarantees equal rights for all tribes and creates conditions conducive for all tribes to promote their identities, and eliminate the disparity in the level of the expansion of each tribe. At the same time, we must encourage the people of all tribes to discard their narrow-minded tribal line of thinking and feelings of superiority or inferiority to other tribes. In implementing the party's tribal policy, we must recognize the unique characteristics of each tribe and try our best to avoid a mean and aggressive attitude and rigid manner.

We are pleased to welcome the overseas Lao people to come visit their beloved fatherland and join their compatriots in national development and construction.

As far as Buddhism is concerned, Buddhist monks have made major contributions to the task of national liberation in the past and in the task of national defense and construction at present. In fact, the Lao people have been following a righteous code of conduct and are generous. In implementing the party's correct policy toward religions, we respect the people's right and freedom to profess or not profess any religion, the equal right of all religions before the law, and create conditions favorable for followers of all religions, especially Buddhism, to freely practice their beliefs and contribute to turning the people into good citizens of the country. The state will continue to cooperate with all Buddhists to improve and expand the schooling system for Buddhist monks so they will have knowledge both in religious and worldly affairs. At the same time, Buddhist monks and novices will be allowed to participate in all undertakings which serve the public and national interests.

In the field of national defense and maintenance of peace and order, beloved comrades, national defense is a strategic task that must be carried on by all of the masses so we can continue to preserve and develop the democratic system in peace. We must exert efforts to improve the quality of our task of national defense and maintenance of peace and order, enhance the direct leadership of the party, and expand the collective strength of all of the masses and link it with the assistance from the international community. We must unanimously realize that national defense and maintenance of peace and order are the duty of the entire party, armed forces, and people and are closely tied with all spheres of work because their objectives are to increase national unity and solidarity and concord among tribes in the national community, enhance the spirit of patriotism and revolutionary traditions, safeguard the independence, sovereignty, and territorial integrity of our country, guarantee political stability and social peace and order, defend the party and popular democratic power, and safeguard the rights, life, property, and occupations in peace of the people of all tribes nationwide.

In building armed forces for national defense and maintenance of peace and order, we must stress quality. Special significance must be attached to the building of regional armed forces who are capable of defending their respective localities. At the same time, we must strive to create the field positions for national defense and maintenance of peace and order of the people through going down to develop the grass-roots and we must arouse the people's political consciousness and high self-vigilance.

The national defense and security forces, well organized with better living conditions, must promote the factors for self-strengthening, produce their own logistics supplies, partly fulfill the internal demands of their units, and contribute to socioeconomic development. Cadres and combatants in the national defense and security forces must enhance their fine traditions such as the intimate relationship with the people. They must help and mingle with the people since they themselves are the beloved sons and nephews of the people. They come from the people and faithfully serve the people.

We must assist the public security force in acquiring both military and political qualifications and skills and maintaining a high degree of discipline so they will be able to fulfill their duties in the new era. To ensure that military and police officers and men will be able to carry on their duties effectively, we must apply appropriate policies to them and their families. We should consider setting up an association of war veterans and fix a day in remembrance of the good deeds and sacrifices of cadres and combatants in the national defense and security forces.

Beloved comrades, in the field of foreign affairs, based on the present world and regional situations and on the earnest aspirations of our Lao people who have always desired to live in peace and maintain good relations of friendship with various nations in the world, the Lao People's Democratic Republic [LPDR] will continue to adhere to and consistently pursue a foreign policy of peace, independence, friendship, and cooperation with foreign countries, regardless of differences in political and social systems, on the basis of the principles of respect for one another's independence and sovereignty, equality, and mutual benefit, so as, together with various countries, to make a common contribution to the cause of peace, national independence, democracy, and social progress. In the immediate future, we will strengthen the relations of traditional friendship, special solidarity, and all-round cooperation with Vietnam and Cambodia; step up consolidating and adjusting the forms and methods of cooperation to be ever more appropriate and effective for the common benefit as well as for the specific benefit of each country in the immediate and long-term periods.

Our party and government clearly understand the significance of the friendly relations and all-round cooperation with the Soviet Union, the PRC, and various fraternal countries and will do their best to promote and establish them. Our party and government maintain that the building of Southeast Asia into a region of peace,

stability, friendship, and cooperation is very significant to the destinies of the various states and nations in this region. The LPDR pledges to further consistently implement the policy of peaceful, neighborly coexistence with the Kingdom of Thailand and other countries in the region. The LPDR will also further implement the policy of broadening economic [word indistinct] and cultural relations and cooperation with various foreign countries and international organizations to contribute to the efforts of the Nonaligned Movement to settle common problems of the world. The Lao People's Revolutionary Party pledges to continue to maintain relations and solidarity with various communist and workers' parties and all other parties and movements which follow a policy of peace, national independence, democracy, and social progress.

Now, I would like to report on the new change in the political system. Comrades, to promote and guarantee the firm development in the economic and other fields, it is required that the political system be changed. However, this does not mean that the existing political system is to be replaced by another political system. It means the perfecting of the organizational structure of the popular democratic system and that its methods of carrying out activities are to be changed on the basis of the clear-cut definition of roles, responsibilities, and duties of each component to guarantee the strengthening of the party's leading role and capabilities and the promotion of state organizations' efficiency in carrying out the management, supervision, and control work. Simultaneously, it is to promote and expand roles of various mass organizations and to enable the entire political system and all its components to appropriately carry out activities in accordance with their roles and responsibilities in a supportive and harmonious manner.

For this reason, the new change in the political system must be made in accordance with the following guidelines:

1. Ensure continuity and expansion and oppose conservatism and extremely negative attitudes toward the accumulated achievements.

2. Proceed firmly and carefully, avoid adverse social and psychological impacts, and guarantee national stability.

3. Work thoroughly, closely coordinate with all new changes in all spheres, and create conditions favorable for the expansion of socioeconomic and other fields.

4. Uphold new quality and potentials for all organizations.

For the national interest, party cadres and party members must set good examples in self-improvement and adjust themselves to new requirements. The popular democratic political system in our country consists of the Lao People's Revolutionary Party, state organizations, front organizations, and other mass organizations, with the LPRP as the leading core.

1. Increase the Effectiveness of State Organizations

Under the popular democratic system, our state belongs to the people, and is by the people and for the people. Every activity of the state is aimed at bringing about well-being for the people and strengthening national economy. For this reason, the overall duties and tasks of the state are to turn the lines, plans, and policies of the party into laws and detailed policies and put them into effective implementation for the interests of society in accordance with the principle of democratic centralism. The aforementioned overall duties and tasks are implemented by the state apparatuses.

The Supreme People's Assembly [SPA] is the legislative body to control the activities of the administrative and judicial organizations. For the time being, the basic duty of the SPA is to study and improve the draft constitution of the popular democratic system for quick promulgation. In the future, the SPA will be in charge of amending and enacting various laws to form a more comprehensive state legal system. At the same time, another function of the SPA is to provide the people with an extensive explanation of laws so as to promote the law-abiding consciousness among the people. The Council of Ministers is the state's supreme administrative organization to administer society in accordance with the law and has the duty to formulate the strategic plans for socioeconomic development, national defense, and maintenance of peace and order, and foreign relations. The Council of Ministers determines the structure and utilization of the national reserves and an overall plan for the exploitation of natural resources and preservation of the environment, organizes construction of the infrastructure, supervises and directs some economic bases and sectors vital to the national economy, and builds and trains cadres and workers.

To fulfill the aforementioned duties, we must continue to improve the administrative apparatuses and organize cadres at the central level in a rational, firm, and effective manner. We must expeditiously organize the study of the mechanism and coordination of the vertical line of management of all sectors nationwide and the horizontal line of management of administrative organizations at the local level with an aim to ensuring national uniformity and promoting the creativity of each level. This is a new and big task that must be put into action on a trial basis in some sectors to draw lessons before nationwide implementation.

Another important problem is that we must continue to implement the plan and policy of classifying the management and administrative duties and roles of the state organizations and the state business production units and their relations. To ensure the effectiveness of the laws, we must renovate all law enforcement organizations and justice apparatuses at all levels such as the public prosecution organizations, courts, and police force. There are some important problems concerning the improvement of state organization which we must study thoroughly so we can cope with the requirements

of the task of renovation, for example, the question of roles, functions, authority of the country's president and formation of the people's council sytems at the local and grass-roots levels, the Council of Ministers, and administrative organizations at the local level.

2. Increase the Roles of Front Organizations and Mass Organizations

Under our political system, front and mass organizations play the role of educating, training, uniting, and mobilizing the masses to participate in national defense and construction and promote the right to self-mastery and democracy of the people of all tribes and strata and defend the legitimate interests of their members. In so doing, the Lao Front for National Construction, the Federation of Lao Trade Unions, the Lao People's Revolutionary Youth Union, and the Federation of Lao Women's Unions must change the contents and forms of their activities to extensively rally the people on a voluntary basis. We should consider establishing additional mass and social organizations that will rally members according to their occupations, ages, and strata and work out the questions of monthly allowances for each organization and state subsidies for certain activities of those organizations until they are financially self-sufficient. I raised this issue on several occasions before. For example, we can establish an association of farmers for national construction, business, and trade associations. The purpose is to rally the people of all strata and place them in organizations so we can educate and train them. This is what we should do.

3. Actively Promote Democracy and the People's Right to Mastery and Comprehensively Construct and Strengthen the Grass-roots

We must vigorously promote and expand democracy and the people's rights of mastery and build the infrastructure to be strong in all respects. The promotion and expansion of democracy is our party's impetus and goal on comprehensive modification. The promotion and expansion of democracy is considered a protracted process which is related to the steps of development in all fields of our country and to the level of the people's understanding, as well as to the specific points in the history and traditions of our nation. In the immediate future, our party has attached importance to the promotion and expansion of democracy in the economic field and democracy at the grass-roots level.

Along with developments in the socioeconomic field, democracy in the society has been broadened and raised to an ever higher level, step by step. Our party maintains that the promotion and expansion of democracy must go along with strengthening regulations and discipline, centralization, and the party's leadership role. Democracy must be guaranteed by the constitution and laws so that it can bring about the maintenance of stability and public order in society, promote the creativity of the entire masses, and increase national unity and solidarity. For this reason, the promotion and expansion of democracy and the people's right to self-mastery are closely linked with the guarantee of interest and fulfillment of obligations. We must expeditiously study and lay down the obligations of citizens and authority and responsibility of state organizations which must be specified in the constitution, and detailed laws, such as in economic legislation. The promotion and expansion of popular democracy has been vivid at the grass roots: the places where the people live, earn their living, exercise their rights, and fulfill citizens' obligations. Therefore, we must continue to apply the strategic measures of constructing and strengthening in all aspects the grass roots. We must realize that the new regime will survive only when its foundation is firmly built. The foundation here means the grass-roots units which are the lowest units of the economic, cultural, social, political, and military organizations such as enterprises, schools, hospitals, party units, and military and police units. As for our country, where over 90 percent of the population are farmers and live in the rural areas, when we talk about the grass-roots construction we mean the construction and development of the rural areas. We must continue implementing the plans and policy of going down to the grass-roots or rural areas and mountainous areas.

The urgent problem for the time being is that we need to set up rural development organizations for each area and tribe. We must systematically plan and organize training courses for political, management, and technical cadres, especially in the agricultural field, so that those who will become diligent cadres specializing in rural development are ambued with the plans and policies and know-how to mobilize the masses. By so doing, we will be able to dispatch cadres to all localities where they are needed to work for rural development programs. Based on the significance of rural development, the government should make it a policy to provide financial assistance, loans, tools, and cadres for rural development programs and to promote the spirit of self-reliance and self-strengthening of the grass roots so that they will not excessively rely on the state for assistance. Rural development must be linked with training and educating the grass-roots cadres and enhancing the leadership of the party organizations and administrative bodies at the grass-roots level.

The improvement and enhancement of the leadership of the party organizations and adminstrative bodies at the grass-roots level will secure political tranquillity and social peace and order in the rural areas. The guiding direction for cadres working in rural development programs are respect for the people's right to self-mastery and reliance on party, administrative, and mass organizations in their respective localities. Cadres and the people in the grass roots must fully work together in all rural development projects. The people must participate in the projects on a voluntary basis. In addition to rural development, each sector and district must lay down plans to strengthen their grass-roots units and assign cadres to thoroughly implement development programs.

The results of grass-roots development must clearly show an increase in the level of the people's political consciousness, promotion and expansion of the right to self-mastery and democracy, economic and cultural progress, improvement in the people's living conditions, maintenance of peace and order, continuous and vehement expansion of mass movements, growth in the rank and file of cadres, a firm foundation of various organizations, and an increase in the leading role of the grass-roots party organizations.

Concerning the party and its task of restructuring, as I mentioned above, the party is the leading core of our country's political system. That is a historic duty entrusted to our party by the multiethnic people. Since the very first day of its establishment, our party has always enhanced its sense of responsibility and mingled and shared both woe and weal with the people to fight for national independence. During the past 15 years, especially in recent years, we have won great victories in many respects in the pursuance of the party's line of restructuring. To lead our country to the predesignated goal, it is extremely necessary to increase the leading role of our party. In the years to come, we must pay attention to the following undertakings:

1. Further enhance the party's leadership in the entire society; lay down and renovate the major lines and policies for national development in all spheres, in conformity with social growth and actual conditions in the country, so as to satisfy the strong desires of the people and review all shortcomings of major projects.

The party will always respect the constitution and laws of the state and refrain from playing management, supervisory, and control roles of the state. The party's leadership in the state and mass organizations is made effective through the leading role and good examples set up by party cadres and members working in those organizations. The party's leadership among the people is fulfilled through edcuation, training, and instruction so that they clearly understand and enthusiastically comply with the party's and state's lines and policy. The party is also responsible for making policies concerning personal management and education and training keys cadres at different levels and, at the same time, controlling, supervising, and overseeing the activities of party cadres and members in the state and mass organizations so as to ensure that their performance is up to the predesignated direction.

2. Enhance the Educative, Assertive, and Realistic Characteristics of the Ideological and Theoretical Work Which Has Always Played the Most Important Role.

This work is now even more important to the unity within the entire party and people and to the line of restructuring, especially, as the general situation is changing in a confusing manner. For this reason, we must regard ideological work as a priority task in order to enable the entire party and masses to be aware of the objectives and clearly understand the line of development of a popular democratic system and the actual circum ances in the country. At the same time, party cadres and members and the people must be imbued with the fine traditions of the nation and party, possess a spirit of patriotism and a high sense of self-vigilance, remain stable in times of difficulties and hardships, and act decisively in dealing with any eventuality. Particularly, party cadres and members must maintain and enhance revolutionary ethics. For example, they must be loyal and faithful to the party and people, and resolutely oppose all acts detrimental to the prestige of the party and state organizations such as bureaucratical work style, remaining separate from the masses, conservatism, factionalism, totalitarianism, bullying inferiors, using one's authority and position for personal gain, and other negative phenomena.

Another important matter is that we must continue to educate and train party cadres and members and people of all tribes and strata so that they will be clearly aware of their duties, responsibilities, and obligations; possess a law-abiding consciousness; earn their living legally; cherish the interests of the collective; and faithfully fulfill their obligations toward the country. In the new era, we must continue to study the fundamental principles of Marxism-Leninism and some theoretical problems concerning political duties in line with the actual conditions in our country, such as the theories of popular democracy, the state and its laws, the commodity-oriented economy, and the special characteristics of the Lao society and people so as to lay down the theoretical and practical foundation for the task of restructuring in our country.

It is imperative that all sectors exert more effort in political ideology work to improve its contents and methods. Party ideological and theoretical bodies must play a full leading role in this area, be realistic, understand the masses' mentality and aspirations, and study new problems and take the initiative to solve them in a timely manner.

3. Restructure the Party's Organizational Work

The organizational work is the most important task of the party because it leads to the achievement of the party's strategic goal. The correct organizational [words indistinct] increase the strength several times, ensure unity and leadership of party cadres and partners, and guarantee smooth and effective work performance. The restructuring of organizational work in harmony with the actual conditions of the new era is, therefore, an urgent task aimed at turning the organizational work into a forceful and decisive factor for the implementation of the lines and policies of the party. Our party should realize that the restructuring of organizational work means changing the organizational structure and modifying the styles and forms of movements, internal

relations, and work styles, such as in personnel management. From now on, our organizational work should be carried out in accordance with the following guidance and principles:

I. Uphold the fundamental principles of Marxism-Leninism as the ideological and theoretical foundation of the party; accept the optimum of mankind's intelligence; apply scientific theories and lessons learned by various countries in conformity with the actual environment and conditions in our country; promote the spirit of unity and concord among the multiethnic people and traditional patriotism; and combine the genuine doctrine of patriotism with pure internationalism.

II. Be imbued with and correctly implement the principle of democratic centralism.

This is the fundamental principle of our party's organizational work. We must know how to correctly apply it along with the party's leadership and livelihood. We must further increase democracy within the party. For example, we must practice democracy in disseminating news among party cadres and members, adopting resolutions, voting in the party's leading organizations, and in studying and proposing opinions. Party members must realize that our party's democracy is based on democratic centralism. Therefore, we must strictly implement the principle of honoring the voice of the majority. The organization of leadership at the lower level must follow that of the higher level. The entire party follows the center. The party's leadership must be implemented in accordance with the principle of collective leadership with responsibilities for individuals. In other words, after a resolution is adopted, any person who is assigned to carry out a specific task must be held responsible for both gain and loss in his performance. We must avoid the practice of collective lethargy and complete reliance on collective guidance, as well as particular leaders with no courage to make decisions so as to free themselves from responsibility.

III. Increase unity and unification on the basis of the party's line, plans, policies, and principles of democratic centralism.

We have always aspired to safeguard unity and unification within the party as we protect the apple of our eyes. To ensure close unity and unification in the political, ideological, and organizational fields, we must conduct self-criticism and mutual criticism in a strict manner. This is the tradition and law of development of our party. Self-criticism and mutual criticism must be carried out in a frank manner based on the spirit of comradeship within the same party. Mutual criticism is aimed at fostering progress and further strengthening unity, not at attacking, accusing, and slandering one another. The higher levels must act as models in conducting self-criticism, welcoming criticism from the lower levels, creating a genuinely democratic atmosphere under which criticism can be freely carried out, and opening an opportunity for the lower levels to conduct criticism of the higher levels.

IV. Build a close relationship between the party and the people as if they were flesh and blood, and build the party among the mass movements.

We must clearly appreciate that the source of our party's strength is in the people. The party has no other interests other than those of the people. The activities of our party leadership in the past several decades have testified to this adherence. In the new period in which our party maintains responsibility for the people of all strata in our society, we must hold aloft and adhere to that direction and principle even more firmly. It requires that all cadres and party members as well as all party leaders and members in general maintain close links and intimacy with the masses and engage in and regard mass mobilization as their normal duty. They should encourage the masses to participate in party building. Before new party members are admitted, the opinion of the masses must be sought. Efforts must be made to organize the people to contribute their views on assessing the leadership and activities of grass-roots party cells and party committees at various levels.

V. Use quality and efficiency as primary criteria in consolidating and improving the system of party organizations at various levels along the above-mentioned direction.

We must concentrate on consolidating and cherishing the initiative of grass-roots party cells and party committees, raise the quality of party cadres, increase the effectiveness of the leadership of the center regarding its plans and policies, and ensure the strict implementation of the principles and regulations stipulated in the party regulations and state laws. The general staff offices of the party Central Committee and party committees at all levels must be consolidated so that they will possess capabilities in performing their duties with quality and high efficiency. While consolidating the party organizational system, the party committees at all levels must increase their leadership of the Lao People's Revolutionary Youth Union committees by making them stronger and firmer with every passing day to deserve being the party's important reserve and shock forces.

Cadre Work

As mentioned earlier, cadres have a role to play in deciding the gains and losses of our party's line. Therefore, the renovation of cadre work is an objective need and a key issue for ensuring that the duties in the new period will be effectively executed. First of all, the criteria for assessing cadres must be changed. With regard to this, the level of efficiency in carrying out political duties must be used as a yardstick to assess the qualifications and capabilities of each cadre. The fundamental standards in deciding the qualifications and capabiliites of leading and management cadres is, first of all, their loyalty toward the country and the party. Cadres must maintain a high sense of appreciation

toward the party's line, policies, and views; possess firm political principles; possess the ability to efficiently lead, organize, and apply the party's plans and policies and the state's instructions in the sphere of work under their responsibility; know how to mobilize and enhance the people's wisdom; and maintain a high sense of responsibility toward organizations and discipline. At the same time, they must have practical working patterns, maintain close links with the grass roots, dare to make decisions and to take responsibility, and enjoy the incessant training and studying of revolutionary qualifications to raise the level of their capabilities.

In selecting cadres, collective national interests must be primarily upheld. The right men must be given the right jobs. Jobs must not be unnecessarily created just to accommodate individuals, thus making the party's apparatuses bloated and inefficient. Therefore, the priority and complexity of jobs must be determined first before personnel are selected to fill them. The most important thing is that the principle of democracy must be applied by carrying out the collective selection of cadres so that only the most capable personnel are chosen to take responsibility in each job. Key cadres must be appropriately appointed to key positions at various levels. To have such a contingent of capable cadres, we must pay attention to training them through mass movements. At the same time, a plan must be worked out to train many categories of cadres, such as leading and management cadres, so that the contingent of cadres will always remain young to continue our party's cause.

The most fundamental factor in this work is the management of cadres. If this function is effectively carried out, the usefulness of cadres will be enhanced to the fullest extent. The management of cadres is involved with the management of human beings. It is a scientific and artistic task. Therefore, those who are involved with this work must possess new concepts about human beings and must be open-minded, just, and all-around people who are knowledgeable in psychology, administrative procedures, new mechanisms, the party, and other related subjects. In addition, they must have practical experience.

In the new period, we must switch to managing cadres in accordance with a unified and centralized system with the guideline that those who manage a certain kind of work must also manage cadres who engage in that work. We must urgently rectify the bureaucratic centralized system of cadre management in which problems about cadres are arbitrarily and objectively settled by only one man who does not listen to even the views of the higher levels and masses, thereby resulting in the creation of internal rifts. A democratic pattern in cadre management must be established in which the truth must be honored, spoken, and defended. Another important issue in the cadre management work is the issue of policy. Under the present circumstances, we must pay attention to pursuing a policy toward pensioned senior cadres and grass-roots cadres.

In brief, the politico-ideological, organizational, and cadre works are closely related and interacted at all times. Therefore, we must pay attention to simultaneously resolving these three spheres of work to ensure that our overall work is effective. Leading committees at all levels, such as the comrade party committee secretaries and organizational heads at various levels, must understand the nature of these three spheres of work to a certain extent and must know how to systematically and comprehensively manage them.

The Party's Mass Mobilization Work and the Relationship Between the Party and the Masses

We clearly understand that the revolutionary cause is the cause of the people. Particularly speaking, the cause of restructuring is the cause of the people, from the people, and for the people. In general, the lofty ideals and final goal of our party are for the happiness and prosperity of our multiethnic people and the wealth and strength of our country. Thus, in each period and at all times, our party regards the mass mobilization work and the forging of a close and intimate relationship between the party and the people as its strategic tasks in deciding our victories. In the new period, our party has responsibility toward the people of all strata in our society. Therefore, it must adopt new concepts toward the masses. Under the present conditions, the word masses has more meaning than before. It encompasses all strata in society. Our party's line and policies as well as all plans and policies of the party committees at all levels must reflect the aspirations of and bring realistic benefits to the masses.

Therefore, before any line, policies, and plans of work are outlined, views, attitudes, and aspirations of the masses must be studied, explored, and sought. Conditions must be created for every strata to speak out openly and to express their views. To translate into reality the line, policies, and plans we have outlined, the most important thing to do is to disseminate and explain them to the masses and to convince them that those line, policies, and plans are under their responsibilities and are implemented for their own interests. By remaining close to the masses, we will be able to know which line, policies, or plans are unsuitable, inequitable, and inadequate so that they can be modified, consolidated, and amended for the better in a timely manner. Only by doing that will extensive mass movements be mobilized so that the party will be able to fulfill its lofty objectives.

In addition, the party should find appropriate forms of organization to mobilize as many people as possible to participate in mass movements on their own accord. No direct or indirect coercion should be applied to compel the masses to join in any organizations or movements. All organizations are in our political system. All cadres and party members must regard the mass mobilization work as their own duty, not as that of the mass organizations alone.

Inspection Work

Inspection work is a factor which is inseparable from the fundamental leading roles of the party. Under the present complex situation, the inspection of the activities of party and state organizations as well as those of cadres and party members at all levels is an urgent need and constitutes a condition for holding aloft the leading roles and capabilities in society. Inspections must be comprehensive, covering all aspects of social life. First of all, inspections are carried out to determine how the organizing of the implementation of the various policies and resolutions adopted by the party is executed; what is the outcome of the implementation; what difficulties and shortcomings remain; and what necessary action should be further taken so as to allow the organizing of the implementation to be effective. At the same time, inspections of the enforcement of the party's regulations, principles, and leading direction on party building—for example the principle of democratic centralism—and on the activities of party and state management organizations and economic organizations must be carried out with a view toward upholding the party's discipline and regulations and improving work efficiency. Another important thing is that inspections are conducted with an eye on doing away with bureaucratic procedures, abuse of power, oligarchy, nepotism, and corruption, and such malpractices as acts of irresponsibility, embezzlement, and bribery.

Another important aspect of inspection work is to determine the unity and unification within the party committees and the leading committees of state and mass organizations at all levels, aimed at turning these organizations into models for rallying unity and at increasing the strength of organizations. Inspection on the people's relationship with the party committees, administrative organizations, and mass organizations must also continue. Inspection must be realistic and carried out regularly and with definite objectives. Inspection must produce results and such results must be reported to cadres, party members, and people. Inspection is not carried out only to preserve a tradition. Inspection of the party, state, and masses must be harmoniously coordinated. Inspection must be conducted both on the vertical and horizontal lines. No cadres and party cadres can be exempted from inspection by the party.

All in all, the party's inspection work must become the most effective means, aimed at revitalizing and making the party strong, pure, and clean. Therefore, the party's inspection organization must be actively consolidated so as to increase its capabilities in carrying out its duties under the new conditions; that is to ensure perfection and justice as well as the effectiveness of the party leadership.

Beloved comrades, the political report I have just presented at this congress is characterized with the overall review of the achievements and shortcomings on the organizing of the implementation of the resolutions adopted by our Fourth Party Congress and, at the same time, the presentation of the party's fundamental views on the continued building and development of our popular democratic system in the immediate future with the spirit of all-round restructuring.

I hope that the delegates to this congress will hold aloft their responsibilities and together study and comment on this report in a profound manner.

Oudom Khatthi-nga Reports Revision of Party Rules

BK0504124991 Vientiane PASASON in Lao 29 Mar 91 pp 1, 3, 4

[Revision of the rules and regulations of the Lao People's Revolutionary Party read by Oudom Khatthi-nga, alternate member of the party Central Committee Political Bureau, at the Fifth Party Congress in Vientiane on 28 March]

[Text] The political report of the party Central Committee presented to the fifth party congress by Comrade General Secretary Kaysone Phomvihan incorporates the restructuring of our country's popular democratic system under the Lao People's Revolutionary Party [LPRP] as its leading core. In compliance with the overall guidance and in response to the requirements of the party restructuring work in the new era, it is necessary to improve, modify, and amend the party's rules and regulations. On behalf of the party Central Committee, I would like to report on the contents of the change of the party's rules and regulations to this congress as follows:

Regarding the party's character, the following addition is made: "The LPRP is the political general staff organ, organized vanguard, and representative of Lao workers, working people, multiethnic people, and Lao nation."

Regarding the objective, the only addition is: "The party guides the people in the entire people to carry on the tasks of renovation, building and expanding the popular democratic system aimed at turning Laos into a peaceful, independent, democratic, united, and prosperous country and create fundamental factors for advancement step by step toward socialism."

As for the principles of the party construction, the following amendment is proposed:

"The LPRP relys on the general basics of Marxism-Leninism as the foundation of its ideological and theoretical lines, embraces the optimum of mankind's intelligence, applies scientific theories and lessons drawn by other countries with our country and actual conditions in our country, and combines genuine patriotism with pure internationalism."

Guidance for party construction is amended for clearer understanding as follows: "Combine the construction of party in the three aspects—namely politics, ideology,

and organization. Combine the party construction with the increase in the effectiveness of the state and roles of the mass organizations."

Chapter 1

Party Membership

Article 1 sets the clear and high standard for admission of new party members as follows: "Every Lao citizen age 18 and above, who has been tested and tempered during the process of the mass revolution under the party leadership and trusted by the masses with political consciousness and revolutionary ideology of the working class; who agrees to observe the rules and regulations and political plan of the party and state laws and is ready to fulfill the assignment entrusted by the party; who possesses good qualifications and sets good examples in working, fighting, doing duties, and studying; who leads a simple life, detests oppression, and is capable of carrying out the duties of party members; who applies for party membership and agrees to participate and live in the party grass-roots organizations and pay a party membership fee can apply for party membership."

Article 2: The list of party member's duties have been shortened to the following five duties:

1. Take initiative in implementing the lines, policies, resolutions, and instructions of the party and state laws; participate in formulating lines, plans, policies of the party; and fulfill every duty entrusted by the party.

2. Study Marxism-Leninism, lines and policies of the party, and state laws, culture, sciences, and technology to upgrade one's knowledge and efficiency.

3. Pay attention to strengthening of the party in politics, ideology, and organization. Strictly observe the party's rules and regulations. Uphold the consciousness of defending the party and its unity, secrecy, and prestige. Live together and regularly pay a party membership fee. Work energetically to expand the party.

4. Closely associate with the masses and pay attention to the defense of their rights and interest. Publicize and organize the masses to implement the lines and policies of the party and state laws. Set leading examples for the masses. Oppose all acts of infringement on the rights and interest of the Lao citizens. Implement the party's ethnic policy. Pay attention to the task of creating unity and equality among tribes.

5. Be imbued with and implement the foreign policy of the party and state. Enhance the spirit of internationalism.

Article 3: Rights of full party members. The amendment is proposed as follows: "... necessary sources. [Party members] have the right to defend their own opinions and attitudes. But once a resolution is adopted, they must speak and strictly comply with the resolutions adopted by party orgnaizations. Party members have the right to build a household economy through legal means which are not detrimental to their party membership qualification, party's roles and prestige, and duties of state employees."

Article 4: The Regulations for Enrollment of Party Members. It is proposed that the condition for enrollement of party member which says: "... any applicant, who is a member of the Lao People's Revolutionary Youth Union [LPRU] and is recommended for enrollment by the LPRU commimttee at the grass-roots level, requires only a full party member to propose his enrollment in the party." It is also proposed that the special two regulations be abrogated.

Articles 5 and 6: It is unanimously proposed that if two full members, with more than two years of membership and one year working together with the applicant be able to propose membership for the applicant and that the probation period for new party members be 12 months. After the probation period, if the party meeting considered that the person lacks sufficent qualifications for party membership, his name may be deleted from the list of party members. In other words, the probation period will not be extended.

Article 7: The Management and Regulations Governing Party Members' Performance. It is proposed to be written that "the management of party members and regulations of the transfer of party members' duties is decided by the party Central Committee."

Article 8: It is proposed that a party member can ask to resign from the party if he has suitable reasons.

Chapter 2

The Party's Organizational Principle and Network

Article 9: The LPRP will continue to observe the principle of democratic centralism.

Article 10: Regarding the party's organizational network, it is proposed that the party organizational system is divided into four levels as follows: The central level, provincial and municipal level, district level, and grass-roots level. It is proposed to cancel the establishement of the responsible committees in ministries and organizations of equivalent status at the center and appoint the party committees at ministries and organizations of equivalent status. The said party organizations are under the leadership of the political bureau.

Articles 11 and 12: The Principles for Convening the Congress of Delegates or Congress of Party Members, and Elections Within the Party. The following amendments and additions are proposed for clearer understanding:

"...at the central, provincial, and municipal levels, if it becomes necessary to decide on important problems or elect party committee members during the period between two congresses, the executive committees at these levels can call for meetings of cadres including members of party executive committees at these levels.

party committees at lower levels, and a number of key cadres who are full members of the party."

"...the number of party committee members who are nominated must not exceed one-tenth of the total number of party committee members elected by the congress of the party at the level."

"...general secretary of the party committee from the district level to the central level cannot continuously hold the post for more than two consecutive tenures unless he or she has special capabilities."

Chapter 3

The Establishment of Party's Foundation

Article 14: The following amendments and revisions are proposed: "The foundation of the party includes party organizations at cantons, villages, enterprises, schools, hospitals, offices, agencies, departments, and units of the forces for national defense and maintenance of peace and order. Any grass-roots organization that has more than 25 full party members, with approval from the party organizations at higher echelons, can establish a grass-roots party committee with many party units."

Article 15: It is proposed that grass-roots congresses of delegates or party members be held once a year, instead of once every two years.

Article 16: The overall functions of the grass-roots party organizations. The following revision is proposed:

1. Determine plans and policies for organizing the implementation of party resolutions and instruction and state laws. Lead party members to develop the grass roots and fulfill their duties.

2. Closely associate with the masses and be firmly imbued with the aspiration of the masses. Promote the people's right to mastery, creativity, and encourage the masses to ceaselessly develop the democratic system.

3. Strengthen the party in terms of politics, ideology, and organization. Enhance the leading and exemplary roles of party members and create conditions conducive to education in all fields for party members, supervise and periodically assign tasks to party members, strengthen unity within the party, conduct self-criticism, organize recruitment of new party members, take disciplinary actions against party members who do wrong, collect the party fee, and contribute opinions to higher echelons concerning various problems which pertain to the party's lines and policies.

4. Contribute opinions concerning establishment, improvement, and renovation of administrative and social organizations and nominate party representatives to work in the said organizations.

5. Correctly implement the party's policies of tribal and foreign affairs. Popularize the said policies among the people.

Detailed duties of each party grass-roots organization are decided by its immediate higher party unit in accordance with the political conditions for each target.

Chapter 4

Party Organizations at Provincial, Municipal, and District Levels

Article 17: It is proposed that district party organization hold one congress every five years.

Article 20: It is proposed that district executive committees of party organizations hold a plenary session every three months. In the clause of the objectives of the first plenary sessions of executive committees of party organizations at the district, provincial, and municipal levels, add the following phrase: "elect the control committee".

Chapter 5

Party Organizations at the Center

Aricle 23: In the clause concerning the duties of the party Central Committee, add the following phrases: "...direct and supervise the implementation of the lines by party organizations and cadres."

Article 24: Add the following: "The first plenary session of the party Central Committee elects the party Central Committee Political Bureau, party chairman, and the party's advisory board".

It is proposed that the party Central Committee Secretariat not be established and that the following phrase be added: "The Political Bureau appoints the chairman of the party, who is the person in charge of guiding and correcting the daily work of the party Central Committee."

"The party Central Committee appoints its own advisory board comprising former members of the Political Bureau, senior politicians, and people who possess good records, qualifications, and political firmness. The party Central Committee decides the functions of the advisory board."

Chapter 6

The Party's Roles in the Political System

This is a new chapter to be added in the party's statutes as follows:

Article 26: The party is part of the political system, the leading core of the entire political system, hub of intelligence, and representative of the interest of the people of all strata. The party formulates and revises the major lines and policies on national development in all spheres; finds solutions to major problems; determines the policies regarding personnel management, training of cadres, and supplying key cadres for different levels; controls and supervises activities of party cadres and members, state agencies, and mass organizations.

The party leadership works in state and mass organizations through the leading role and good examples set up by party cadres and members working in the organizations. The people elect party leading organs in state, mass, and other organizations except in the Lao People's Revolutionary Youth Unions to ensure that the party leadership is established in these organizations. Duties and rights of the party leading organs are determined by the party Central Committee.

Chapter 7

The Party Guides the People's Army and Public Security Forces

This is a new chapter to be added to the party's statutes as follows:

Article 27: The party guides the People's Army and public security forces in a direct, centralized, comprehensive, and unified manner. The Lao People's Army and the public security forces provide the foundation for the people in the entire country to defend national independence, sovereignty, and territorial integrity, popular democratic system, political stability, and social order to contribute to national development and construction of political foundation as well as fulfillment of their duties.

Article 28: The party organizations at the central, provincial, and municipal levels must set up national defense and public security committees to work at their respective levels.

The Political Bureau appoints national defense and public security committees at the central, provincial, and municipal levels. The committees are chaired by secretaries of the provincial and municipal party organizations and draw members from members of the provincial and municipal party committees.

Article 29: The party Central Committee will specify the duties and authority of the national defense and public security committees.

Article 30: The Army General Political Department is a political organization of the Army and operates under the direct guidance of the party Central Committee Political Bureau and the Central Defense and Public Security Committee. The department is in charge of party building, political and ideological work, personnel management, mass mobilization undertakings, and the implementation of party policies in the Army. The party Central Committee authorizes the Army General Political Department and party organizations attached to the Interior Ministry to study and establish party organizations in the Army and the public security forces, in accordance with their vertical line of command and the line of relations between the ministry concerned, localities, and the Central National Defense and Public Security Committee, after receiving approval from the Political Bureau.

Local military organizations and units are under the direct and complete leadership of party organizations, national defense, and public security committees at the provincial and municipal levels.

Chapter 8

The Lao People's Revolutionary Youth Union

Two following phrases are added to this chapter:

"...The Lao People's Revolutionary Youth Union must strive to build itself to serve as the true representative of the rights and interest of the young generations, political core for youths, and foundations for youth education..."

"The expenditures incurred from activities of youth unions at all levels must be handled in accordance with the principle of austerity and financial self-sufficiency."

Chapter 9

The Party Control Boards

The amendment and addition to this chapter are as follows:

Article 32: The party Central Committee and committees of party organizations at the provincial, municipal, and district levels appoint their control boards during their first plenary sessions. The control board comprises members of party committees and a number of outsiders.

The appointment of a party control board must be approved by its immediate higher party organization. Party control boards will operate under the leadership of the party organizations to which they are attached.

Party control boards at all levels have the following duties:

1. Party control boards inspect the observance of the party's rules and regulations, implementation of resolutions, and the principle of democratic centralism by party organizations and party members (including members of committees of party organizations at their respective levels).

2. Party control boards at high levels have the authority to inspect activities of party organizations at lower levels.

3. Party control boards receive grievances and complaints from party members and organizations.

4. Party control boards have the authority to inspect operation of the control boards at lower levels.

5. Party control boards examine the financial condition of party organizations.

Chapter 10

Party Discipline

The contents of this chapter remain practically unchanged except the proposed deletion of the following phrase in the disciplinary action clause: "Be temporarily allowed to remain in the party for education and rehabilitation pending consideration."

Chapter 11

Party Finance

It is proposed that an addition to this chapter be made as follows:

"Article 36: Party organizations must practice austerity in regulating their expenditures which must be inspected periodically. They must strive to be financially self-reliant step by step."

"The party Central Committee Political Bureau will stipulate the rates and regulations governing collection and delivery of party membership fees."

Chapter 12

The Implementation of the Party's Rules and Regulations

An article is added to this chapter as follows:

Article 37: "Party organizations at all levels and all party members must study, thoroughly understand, and correctly follow the party's rules and regulations. Simultaneously, they must oppose all acts of infringement on the party's rules and regulations."

Beloved comrades:

The revision of the party's rules and regulations I have just presented to you is based on the actual conditions in our country and our party's new political tasks. It has been discussed during this congress.

I, therefore, propose that comrade delegates, with your high sense of responsibility, study and endorse the new change of the party's rules and regulations.

The party's rules and regulations are a documentary foundation for the strengthening of the political, ideological, and organizational aspects of our party. Following this congress, we will thoroughly publicize the change so that every party organization and member will be deeply imbued with and strictly and correctly observe the revised rules and regulations of our party and, at the same time, inform us about shortcomings and weak points for further correction so that we can be good members of our party and help the party to fulfill its role as the leading core of the popular democratic system in our country.

Delegates Address Fifth National Party Congress

Khamsai Souphanouvong on 27 Mar

BK0504094191 Vientiane Domestic Service in Lao 0000 GMT 29 Mar 91

[Speech by Khamsai Souphanouvong, alternate member of the Lao People's Revolutionary Party Central Committee and deputy minister of economy, planning, and finance, delivered at the Fifth Party Congress on the afternoon session of 27 March—recorded]

[Text] We would like to express our complete endorsement of our party's political report filled with the spirit of all-round restructuring, scientific revolution, and creativity as presented by beloved and respected Comrade General Secretary Kaysone Phomvihan. [applause]

Comrades, one issue which was prominently raised in the political report was the cause of restructuring in the economic field, which has been enthusiastically implemented by our entire party and people to contribute to enhancing and developing the popular democratic system in our country.

After the liberation of our country, our party has led the multiethnic Lao people to strive to rehabilitate and develop the economy in order to gradually improve their living conditions. In the first few years after the liberation, our party came to realize sensitively that the economic management mechanisms characterized by state-financing, bureaucratic, and centralized administrative features became a great hindrance to the socio-economic development in our country. Therefore, at the seventh plenary session of the second party Central Committee, it was the first time that we took action to outline a guideline to devise new economic management mechanisms by deciding to eliminate the state-financing, bureaucratic, centralized mechanisms; to strengthen the right of mastery to all economic units; to boost production and goods circulation; and to actively utilize the positive aspects of various economic sectors in broadening our trade and economic cooperation with foreign countries. In early 1985, the Political Bureau outlined a policy on markets and prices as well as a policy of giving salaries commensurate with labor contribution. That development marked a vigorous turn to the new mechanisms.

On the basis of the lessons drawn from practical deeds in modifying the economic management mechanisms and relying on the reality in the country, the fourth party congress and the various subsequent plenary sessions convened by the fourth party Central Committee outlined and subsequently upgraded the cause of comprehensive restructuring by beginning to first effect it in the economic field to improve the living conditions of the people. The fundamental content of the cause of restructuring in the economic field is to transform the natural and seminatural economy into the goods economy. This is done by beginning to build the structure of the goods economy composed of the comprehensively developed

agriculture-forestry sector with a close linkage to the industrial and services development. We built the economic structure with diversified sectors operating under various forms of ownership, which either cooperate and ally or compete with one another. We built the structure of enterprises with different levels of technology and techniques and different sizes by regarding small and medium-size enterprises as primary targets. At the same time, we continued restructuring the new economic management mechanisms, totally doing away with the bureaucratic centralized mechanisms, extensively utilizing the goods-money-market relations, vigorously developing the goods economy, and broadening relations and cooperation with foreign countries.

The practical deeds in organizing the implementation of the above-mentioned policy in recent years clearly testify that the party's cause of restructuring in the economic field is absolutely correct. Foundations of the national economy have been actively developed. For example, in the past five years the national economy has continued to develop vigorously with an increase of 8-12 percent of the overall gross national product [GNP] every year provided no natural calamities occurred. On average, the per capita income during the said period rose by 10 percent.

The economic structure in each branch of work has also undergone a major change. Agriculture has become the number one battlefield and has been developed in all aspects, resulting in an increase of 18 percent in production in 1990 when compared to 1985. The problem of grain shortage has been basically resolved. At present, an average of 360 kg of rice per year has been produced for each citizen—an increase of 58 percent compared to 15 years ago.

The industrial and handicraft sector has been developed. We have implemented a policy of encouraging state enterprises to participate in (?competition) in the business world, promoted industrial and handicraft production of small proprietors, exploited and developed natural resources and the potentials of our country on the spot, ensured adequate production of essential goods for the people, and stepped up exports. As a result, in the past five years our gross industrial and handicraft production has increased by 44.6 percent.

The services sector has also rapidly developed. Thanks to the policy of promoting free and legitimate goods circulation and of using the trade sector as a primary link and the communications and transport sector as a sharp tool, production in the services sector increased by 40.9 percent in 1990 compared to 1985.

Similar development in each sector has caused a change in the structure of the national economy. For example, the overall production of the agriculture-forestry sector, which comprised 64 percent of the GNP in 1985, decreased to 60 percent in 1990 and that of the industrial sector increased from 14.3 percent in 1985 to 16.1 percent in 1990. The percentage of the services sector in the GNP increased from 21.5 percent in 1985 to 23.7 percent in 1990. The scope of the natural economy has also been gradually restricted. The percentage of goods produced within the country increased from 52 percent in 1985 to 57 percent in 1990.

At the same time, the structures of the various economic sectors have also dynamically changed. The policy of promoting all economic sectors to expand production and to freely and legitimately circulate goods has served to vigorously promote the family economy among farmers. The policy of transforming nonessential and inefficient state enterprises into other forms of ownership has served to rapidly develop production and goods circulation with a new sense of vigor and improved efficiency.

The classifying of the two roles of economic management on the basis of increasing the effectiveness of the state's macromanagement has served to enhance the micromanagement role and the right of mastery in carrying out business production of the various economic sectors, to effectively combine the popular democratic power with the interests of the people, and to clearly raise the efficiency of the new economic management. For example, the forceful application of the contractual system toward farming families in many cooperatives and the promotion of the family economy among farmers have become an extremely important factor in the disintegration of the natural economy and the promotion of goods production in the rural and mountainous regions. The policy on the ownership and use of land, the one-price policy, the policy on agricultural tax, and the policy on investment and on giving credits to economic operators have encouraged farmers to invest and develop production, to engage in intensive agriculture, and to raise the efficiency of production on their land and ricefields.

As for some state enterprises, we have a policy to tranfer them to be totally under the business accounting system. They have also been consolidated to maintain their key roles in some sectors and zones and in producing some categories of essential goods. The rest have been transformed to be under other kinds of ownership, for example by selling them off, leasing them to other sectors, or changing their operations into other business enterprises. At present, an estimated 400 out of more than 600 state enterprises have gone under other forms of ownership. We are now promoting the development of business enterprises in other economic sectors, including by developing business cooperation with foreign countries.

We also have a policy of restructuring the state's management by trying to correctly define [the state's] rights so that it will be able to thoroughly supervise, manage, and implement the inspection of all spheres of economic activities, and to play its macromanagement role by [word indistinct] in the economic field in combination with the enforcement of laws and training and education

and by refraining from directly managing business production. By pursuing this direction in recent years, we have engaged in the following spheres of work:

We have implemented a one-price and one-exchange rate policy to promote goods production, to create favorable conditions for the circulation and exchange of goods, and to effectively ensure business accounting. In the past few years, we have managed to stabilize and control the fluctuation of prices and the rates of currency exchange. We managed to reduce the rate of inflation from 42.5 percent in 1985 down to 19.6 percent in 1990.

We have modified the tax policy to conform to reality so that it becomes essential to promoting and boosting goods production, thereby contributing to balancing state budgets. Compared with 1979, (?national) revenues in 1990 increased fivefold.

The restructuring in the banking management has served to improve banking business operations. The circulation of cash increased by 1.7 fold and the granting of credits to farmers by 1.5 fold in 1990 compared to 1985. Foreign currency reserve increased by five fold in 1990 compared to 1984.

(?From 1980 to 1986), the state continued implementing the policy of investing in the foundation building. During that period, the government invested approximately 300 billion kip, which was equivalent to 65 percent of investment made in the previous 10-year period. Eighty-seven percent of that investment was directed at boosting the production sectors. The agricultural-forestry, industrial, communications-transport-posts-construction, banking, and finance sectors have also renovated their management mechanisms in accordance with the spirit of the nationwide conferences convened by those respective branches of work.

The restructuring in the economic management mechanisms has had a positive affect on the restructuring of the management apparatuses at various levels, making them simple and compact but efficient.

Thanks to the correct foreign policy pursued by our party, we have restructured our economic dealings with foreign countries along the direction of widening cooperation with and attracting foreign countries to invest directly in business production in our country. Henceforth, friendly countries, international organizations, and international monetary institutions have excellently and increasingly rendered assistance to and cooperation with our country with every passing day. In the past five years, we have received an estimated $640 million in foreign loans and assistance for use in national development.

Parallel to the above-mentioned achievements and positive effects created in the process of restructuring, especially in the restructuring of economic management mechanisms, we have also encountered numerous shortcomings. This is because the restructuring work is still very new and scientific and revolutionary in nature, and the starting point of our country is very low. But the primary cause of these shortcomings is because our appreciation of the cause of restructuring is not yet fully profound, comprehensive, and correct. We have developed a mixed understanding of the old and new concepts. The organization of the implementation of restructuring in certain branches of work still lacks detailed regulations and policies. The management mechanisms and the division of management levels are not yet compatible with the tasks. The turn to the grass roots is not yet rigorous. Several tasks have been delayed or have not been fully executed, for example the issue of land ownership, the import-export mechanism, the protection and promotion of domestic production, the finance and monetary management, the utilization of foreign capital sources, and the management of salary adjustments. The management apparatuses are too bloated and large. The system of [word indistinct] management is still confusing and overlapping. Many intermediate factors are improper—either too scattered or centralized.

Therefore, to totally transform the management mechanisms into a new form, we must urgently resolve these shortcomings. We must continue carrying out a change in the economic management mechanisms by closely linking them to the process of comprehensive restructuring in order to realize the building and development of the popular democratic system in our country.

I firmly believe that under the beacon of the party's correct path of restructuring outlined by this fifth congress, with the spirit of revolutionary enthusiasm and the tradition of close unity and harmony, relying on and regarding the people as a primary factor, and with support from all comrades and friends throughout the world, the entire Lao party, Army, and people will march forward to triumphantly implement and realize the line of the fifth party congress.

USSR's Burokevicius on 28 Mar

BK0104135591 Vientiane Domestic Service in Lao 1200 GMT 28 Mar 91

[Speech by Burokevicius, Politburo member, first secretary of the Communist Party Central Committee of the Lithuanian Soviet Socialist Republic, and head of the CPSU delegation, delivered at the Fifth Lao People's Revolutionary Party Congress in Vientiane on 28 March—read by announcer]

[Text] On behalf of the CPSU Central Committee and all Soviet Communists, I would like to extend sincere salutations and best wishes of success to the Fifth Congress of the Lao People's Revolutionary Party [LPRP]. The CPSU delegation has highly appreciated the invitation to attend the congress on this occasion.

Our two parties are the founders of the profoundly original and gloriously traditional Soviet-Lao friendship. The Soviet people have maintained good friendship toward the fraternal Lao people. In all stages of their

heroic struggle, the Lao comrades and friends have always enjoyed support given in the spirit of solidarity and friendship by the Soviet people. The Soviet Communists have attentively followed up, in the spirit of comradely friendship, the efforts of the LPRP and the laboring Lao people in the cause of effecting new changes in all aspects in the life of your country.

We are glad to see that the Lao People's Democratic Republic [LPDR] has won outstanding success in carrying out profound reforms in the economic field, the success of which has been clearly noted in the political report of the LPRP Central Committee as presented at this congress by Comrade Kaysone Phomvihan. It can be seen through the political report that the LPRP has resolutely, firmly, and creatively settled various theoretical and practical problems. At present, the LPRP has great and urgent tasks to fulfill, namely the tasks of consolidating the popular democratic system, building an effective economy, and raising the living standard of the people. This congress has proved that you comrades have maintained sufficient capabilities to fulfill these tasks.

The CPSU and the LPRP have maintained the same ideals and same overall objectives. But, to achieve the objectives, each party has its own path to follow. On certain occasions, they have maintained their own specific characters. However, they have regularly supported and exchanged lessons with each other. As a result, our two parties have together been further strengthened and our independence has been further brightened.

At present, it is not true that our Soviet Communists have remained comfortable. There are very great socioeconomic changes in our society. By nature, it is a revolutionary change. In this regard, it is necessary to effect a change in the concepts on customary practices. The difficulties that our country is facing have arisen from many different causes, including various disagreements and various mistakes which have been accumulated for many years. Noteworthy are the great mistakes that have unfortunately arisen at a time when various concepts of perestroyka have been brought into full play. The perestroyka movement has been increasingly opposed by various groups of people who have lacked a creative spirit and who have aimed to overthrow our unified union. The most original cause is eventually the modern and complicated characteristic of the tasks and responsibilities which we are now trying to fulfill. In carrying out a great cause like this, it is not possible to avoid certain mistakes and no big stride can be made to immediately switch from the bureaucratic dictating system to achieving genuine democracy if there is no big stride from the shared economy to the market economy in the sovereign Soviet republics. The CPSU—a party which serves social justice and internationalism—has persistently made efforts to seek better ways to settle the existing problems as mentioned in various resolutions of the 28th CPSU Congress. The main purposes of the efforts in the present are to guarantee the political stability in the country, rallying all well- intentioned forces and all people who have appreciated socialist ideals, defending the democratic rights that we have gained, and effectively protecting the social life of the Soviet people during the switch to the market economy. Simultaneously, measures must be consistently taken to counter the crisis to guarantee the harmony among various nationalities. The outcome of the recent referendum on the problem of our country's future has favorably enabled us to firmly march forward along the path of changing the various sovereign republics from unions into federations. The CPSU pledges to determinedly continue to thoroughly implement and translate into reality the socioeconomic reform on the basis of the path of turning democracy, publicizing, and allowing the masses to widely participate in the process of modification and restoration of the nation. It is not appropriate and there will be no way to return to the past or to stop half way. This is our stand on the adoption of the new program of action of the CPSU, the program which reiterates the party's loyalty toward the goals and ideals of the Great October Revolution, the Leninist theory, and the socialist path that we have already selected.

Comrades, though there are different identities and different circumstances as well as different limits and natures of various problems that we are trying to settle, in general, many of the current main tasks of the CPSU and the LPRP are similar. Among the similar ones is the objective basis for us to further expand, both in depth and width, activities to maintain relations with each other and to continue exchanging views and experiences in carrying out perestroyka and modification. The comprehensive reformation of the economic mechanism in the Soviet Union and the LPDR has created new conditions and potentials for us to increase the efficiency of our economic cooperation.

Considering satisfactory steps at the initial stage, we have established some joint venture enterprises and direct production relations between some Soviet and Lao factories. The important part is to keep expanding whatever should be done to continue this favorable trend. We firmly believe that the fraternal relations between the CPSU and LPRP will continue to produce effective factors conducive to the expansion of the Soviet-Lao cooperation as before.

In the international arena, particularly in the Asia and Pacific region, the Soviet Union has maintained intimate cooperation with Laos, Vietnam, and Cambodia. The implementation of the initiatives as contained in Comrade Gorbachev's speech delivered at Vladivodstok and Krasnoyarsk has contributed to the efforts to settle the conflicts and clashes in this part of the world. Subsequently, the relations between the Soviet Union and the Asian and Pacific countries have improved. The restoration of relations between the CPSU and CPC as well as the normalization of relations between the Soviet Union and China are of historical significance.

The Soviet Union highly appraises Laos' initiative to turn Southeast Asia into a region of peace, good-neighborliness, and cooperation—free from nuclear weapons. The endeavors made by the LPDR in strengthening friendly relations with China and its policy of improving neighborly relations with Thailand have been beneficial to the process of searching for peace in this region. At the same time, Laos has also made a positive contribution to solving the Cambodian problem. The Soviet Union maintains that the process of seeking a settlement of the several-year-old Cambodian conflict on the basis of guaranteeing rights and interests of the Cambodian people and regional peace has achieved a great progress and that the endeavor must be relentlessly pursued. For this reason, we belived that cooperation and coordination with the Indochinese countries in this regard are of special significance.

Comrades, we once again wish you success in fulfilling the complicated and difficult and great tasks laid down by this congress. We promise that you comrades will continue to receive support and solidarity from the Soviet Communists in carrying out your assertive engagement in the future. We wish the entire Lao people happiness and prosperity.

Vientiane Municipality Delegate on 28 Mar

BK0204092791 Vientiane Domestic Service in Lao 1200 GMT 30 Mar 91

[Speech entitled "New Changes in the Trade Field in Vientiane Municipality," by Phimpha Thepkhamheuang, representative of Vientiane Municipality, delivered at the Fifth Congress of the Lao People's Revolutionary Party in Vientiane on 28 March—recorded]

[Text] Since the implementation of the policy of reforming the economic management mechanism by the party, the economy of Vientiane Municipality has been explicitly developed in many aspects. Noteworthy is the production of goods. In this regard, the trade sector has maintained the basic, connecting role in promoting and expanding the production of goods more widely and rapidly. The various policies as adopted by the party—for example the policy on broadening and reforming the business mechanism, the one- price policy, and the policy on free and legitimate circulation of goods—have encouraged producers to be more interested in the production work and to put more investments in the production and circulation of goods. As a result, the production of goods has emerged and has now been on the path of advance.

Trading in Vientiane Municipality has been rapidly developed as compared to that in 1986. Many families of farmers have now come to understand how to carry out trading and how to produce goods. Many different types of goods have been distributed from towns to the countryside and vice versa. In many areas, problems on the exchanges of goods have been completely settled. With the new mechanism, the agricultural, industrial, and handicrafts production, as well as the family economy of farmers, have quickly expanded; more acreage for main and dry-season rice farming and for the cultivation of other crops have been reclaimed; and farmers have begun to apply new techniques to the production.

In Vientiane Municipality, the area for main rice farming increased from 35,530 hectares in 1986 to 39,460 hectares in 1990 and the yield of production increased from 2.5 metric tons to 3.2 metric tons per hectare; the area for dry-season rice farming increased from 6,048 hectares to 6,700 hectares and the yield of production increased from 2.8 metric tons to 3.8 metric tons per hectare. In short, the production of rice crops, from both main and dry-season rice farming, increased from 105,500 metric tons in 1986 to more than 274,800 metric tons in 1990. Farmers have paid more attention to expanding the breeding of domestic animals (?for use as draft animals), in addition to [word indistinct] spreading fertilizer into rice fields. As a result, the number of big domestic animals increased from 102,400 in 1986 to 105,600 in 1990 while the amount of poultry increased from 397,900 to 665,100. The people's movements to dig fish ponds and to preserve water to serve the crop cultivation have also been expanding. The planters' movements to grow vegetables and fruit trees for selling have expanded widely. Many families of planters have gradually switched to growing vegetables and fruit trees as their way of earning a living. The boosting and selling of forestry products among the people have now become enthusiastic movements. The number of agricultural goods has increased with each passing day in various markets throughout Vientiane Municipality. It can be said that Vientiane Municipality has now had plenty of foodstuffs and food grains as compared to the past.

Industrial and handicrafts production has also been developed. Noteworthy is the production of goods for domestic consumption and goods for export. Currently, throughout Vientiane Municipality, there are as many as 210 private and state-owned factories or plants, 14 of which have processed goods for export. In 1985, there were only 15 factories and all were owned by the state. In addition, the family handicrafts production, in which goods are produced for export, has been widely expanded.

In the trade field alone, following the implementation of the new mechanism on economic management, Vientiane Municipality has become the main place for trading; formerly backward, falling-and- rising-again state-owned and collective stores have now carried out activities in an enthusiastic and successful manner; many [word indistinct] markets have now been able to financially rely on themselves. More family and private retailing shops have been set up both in towns and in the countryside. Buying and selling places, where exchanges of industrial, handicrafts, and agricultural goods as well as farm and forestry products can be made among farmers, have now emerged throughout rural areas. As a result, the transportation and delivery of goods among

various localities has become much more brisk as compared to the past; prices of goods have also been (?firmly stabilized); [words indistinct] the people's living conditions have been explicitly improved. In 1990 in particular, agricultural products valued at a total of 3.12 billion kip were purchased from farmers, and goods which serve the agricultural production requirements, worth a total of 1.32 billion kip, were supplied to farmers. The total value of goods which were circulated in 1990 amounted to 16.221 billion kip, or 4.4 times more than that in 1985, while the volume of exported goods increased by 8.5 times and the volume of imported goods increased by 2.5 times.

All these have proved that the policy on new mechanisms as adopted by the party is correct, because it has brought about the promotion and development of the economy and the daily improvement of the multiethnic people's living conditions. Following the implementation of the new mechanism, the natural and seminatural economies have begun to effect changes as the goods-oriented economy has emerged and been expanded [word indistinct].

Beloved comrades and distinguished guests, [words indistinct] we have won many achievements in pursuing the reform policy [word indistinct]. However, we still have certain weak points and remaining problems in many aspects. Trade has developed so rapidly that the state management cannot cope with it. For example, in macromanagement, there remain a large number of business units which have failed to carry out activities appropriately. For example, they have failed to be registered, evaded paying taxes, sold illegal goods, and lacked sincerity in fulfilling their obligations toward the state. Trade has been expanded to a large extent only in towns and vicinities. There has been only a little expansion in the countryside because of unfavorable communications. As a result, it has failed to vigorously promote the production of farmers. The state trade sector has also failed to take (?control of the distribution) of exported goods. All these are because we have not gained experience in managing the economy involving many sectors and many economic establishments.

Beloved comrades and distinguished quests, we have agreed to and fully supported the implementation of the policy on the free and legal circulation of goods. We have vigorously promoted private trade, in particular the retailers, done away with the state-monopolizing situation and the conditions in which restrictions are imposed against the circulation of goods, and [words indistinct] to turn towns into unified markets for the exchange of goods [words indistinct].

In the past year, our Vientiane Municipality has successfully fulfilled those tasks, because we have had (?the following) favorable conditions: The multiethnic people have maintained industrious and persistent traditions, supported the party's line and policies, and maintained a sense of self-mastery in organizing the implementation of the line and policies of the party. Through the implementation of the new reform policy in the previous years, we, together with cadres, party members, and laboring people of various tribes, have accumulated a number of lessons and have set up a number of material and technical establishments which serve as a significant factor for the further implementation of the policy. Though there have been many difficulties, we, together with the multiethnic people, are determined to strive to translate into reality the line and tasks as adopted by this congress to build Vientiane Municipality to be strong in national defense and the public security maintenance field, to be politically and ideologically firm, to be economically prosperous, and to be civilized in the cultural and social fields.

Fifth Party Congress Adopts Resolution 29 Mar

BK2903115791 Vientiane Domestic Service in Lao 0808 GMT 29 Mar 91

["Resolution adopted by the fifth national congress of delegates of the Lao People's Revolutionary Party", convened in Vientiane from 27 to 29 March 1991, read by Somsavat Lengsavat, head of the congress secretariat, at the closing of the congress on 29 March—live]

[Text] The fifth congress of the Lao People's Revolutionary Party [LPRP] was convened in Vientiane from 27 to 29 March. Attending the congress were 367 delegates from various services, localities, and grass roots throughout the country, representing some 60,000 party members.

1. After studying and discussing it in detail, the congress agrees unanimously with the political report of the fourth party Central Committee, presented by Comrade General Secretary Kaysone Phomvihan. The political report appraises the process of the overall cause of restructuring in our country in the past five years. The congress affirms that even though the world and regional situations are changing in a complex manner, that even though the various hostile forces have carried out activities to subvert and destroy our country in all fields with cunning and notorious tricks, and that even though our socioeconomic situation has been plagued with numerous difficulties, we have managed to securely defend our national independence and sovereignty and the new regime, thus fundamentally and firmly ensuring political stability, peace, and order in society and continuing to take the country to advance along the defined direction.

Our country remains unified as one. The people's spirit of being the masters of their own country has been held aloft higher. The multiethnic people have enjoyed the equality; have coexisted with one another with unity, harmony, affection, and friendship; and have joined with one another in defending and building the country with a sense of enthusiasm and jubilation. Democracy in all aspects of the social life has been enhanced. The

popular democratic system has been gradually and explicitly consolidated and upgraded.

The above-mentioned great successes and victories in various fields and the firm steps taken are but the fruit of the collective efforts of the entire party, army, and people. At the same time, they are also the fruit of the invaluable assistance of the fraternal and friendly countries and international organizations. The congress analyzes and solemnly and profoundly criticizes the shortcomings and remaining problems; clearly points out subjective and objective causes; and draws many excellent lessons. The congress hears a report on an evaluation of the fourth party Central Committee and conducts self- and mutual criticism with a frank and constructive spirit. The congress highly assesses the great efforts, perseverance, steadfastness, and creativeness provided in the leadership and guidelines given by the fourth party Central Committee and by the Political Bureau and the Secretariat of the party Central Committee headed by Comrade General Secretary Kaysone Phomvihan. At the same time, the congress analyzes and solemnly and reasonably criticizes the shortcomings and remaining problems of the groups and individuals in the fourth party Central Commitee.

2. The congress affirms that the revolution in our country at present is in the period of continuing to build and develop the popular democratic system and of creating fundamental factors for gradual advancement toward socialism. The overall direction and duties of our entire people in the immediate future are: to continue the cause of all-round restructuring; to increase the unity and singularity of the entire Lao people on the basis of the alliance of workers, farmers, intellectuals, and students under the party leadership; to attentively promote the multisectoral economy; to aim at vigorously developing production forces; to transform the natural and seminatural economy into the goods economy; to gradually improve the material and cultural life of the multiethnic people; to enhance democracy in all aspects of our social life; to cherish the roles of mass and social organizations; to build the state apparatuses into the tools genuinely belonging to and serving the people as prescribed by the Constitution and laws; to incessantly upgrade the party's leadership role within the political system; to consolidate the national defense and public security maintenance work among the entire people; to securely defend the national independence and sovereignty and the new system; to ensure political stability, peace, and order in the entire society; and to continue developing and broadening the relations and cooperation with many countries and international organizations. All this is to build Laos into a country with peace, independence, democracy, unification, and prosperity, contributing to the cause of peace and social progress in the world. The congress clearly defines the fundamental views, direction, and major plans and policies in the socioeconomic sector in accordance with the new mechanisms as well as in the national defense and public security maintenance work and foreign affairs. The congress attaches special importance to the building and consolidating of the political system, especially in restructuring the party building work aimed at increasing the capabilities and quality of the party leadership. The fifth party Central Committee is entrusted by the congress to realize the organizing, guiding, and implementing of the lines toward domestic and foreign affairs spelled out in the political report.

3. The congress studies, discusses, and unanimously endorses the report on the amendment of the party regulations presented by Comrade Oudom Khatthi-gna, Political Bureau alternate member and secretary of the party Central Committee. The amended party regulations put an emphasis on five principles and three guidelines in the party building in the new period. The amended regulations become effective beginning 1 May 1991.

4. The congress wholeheartedly commends and hails all cadres, party members, combatants, people of all ethnic groups and strata, and Buddhist clergy for having further enhanced the tradition of patriotism, unity, and harmony; having overcome all difficulties and numerous trials; having contributed wisdom, labor, lives, and material property to the cause of restructuring; having won great victories in many fields; and having created many firm steps in the tasks of national defense and national construction. The congress calls on the entire party, army, and people to unite as one around the fifth party Central Committee in striving to fulfill the duties outlined at the congress so as to make as many contributions as possible to the tasks of national defense and national construction; to strengthen the special traditional solidarity and comprehensive cooperation with Vietnam and Cambodia, the close solidarity and comprehensive cooperation with the Soviet Union, the PRC, and the fraternal countries; to broaden relations and cooperation with friendly countries and international organizations; and to participate in the activities of the Nonaligned Movement and the United Nations. All this is aimed at building Laos into a country with peace, independence, democracy, unification, and prosperity, thus contributing to the overall cause of peace, national independence, democracy, and social progress in the world.

[Dated] 29 March 1991

[Signed] The fifth national congress of delegates of the LPRP